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INTERNATIONAL BANK MISSION TO MALAYA

The World Bank has now transmitted a report on the economic development of Malaya to the Governments of the Federation of Malaya, the Crown Colony of Singapore and the United Kingdom. The report contains the recommendations of a mission which was organized by the Bank at the request of the three Governments to assess the resources of Malaya and recommended measures for the country's economic and social development. The report will be published later this year by The Johns Hopkins Press of Baltimore, Maryland. An edition will also be published in Malaya. The mission, consisting of 13 members, spent from January until May 1954 in Malaya. The mission chief was Sir Louis Chick, former Financial Secretary of the Anglo-Egyptian Sudan. Four of the mission members, specialists in agriculture and related fields, were nominated by the Food and Agriculture Organisation of the United Nations.

The report sets forth the mission's recommendations for government action and public investment priorities over a five-year period, 1955-59. The proposed program for the Federation calls for expenditures of M\$775 million (U.S.\$258 million) and that for Singapore of M\$610 million (U.S.\$203 million). The recommended programs do not depart significantly in amount or character from recent patterns of public investment. The mission, however, stresses the importance of maintaining the scale of public expenditures on economic and social development in both territories in view of the unusually rapid rates of population growth, now among the highest in the world.

In the Federation, particular emphasis is placed on the need for the replanting of rubber areas with

high-yielding varieties which can compete successfully with synthetic rubber and thus keep the rubber industry in its present place of paramount importance in the economy. This is considered by the mission to be of highest priority in the Federation's development and accordingly the largest single item of proposed expenditure is for assistance to rubber estates and small-scale growers in replanting programs. For Singapore the greatest part of the proposed expenditure is for housing, social services and public utilities. These are the usual major capital requirements of a large metropolitan area but in Singapore their demands are particular heavy because of the rapid growth of the city and the consequent overcrowding and associated social problems.

The Federation has an area of approximately 51,000 square miles, only about one-fourth of which is settled. Its population of 5.7 million, heterogeneous in character, consists mainly of Malays and Chinese, with many Indians and Pakistanis. Singapore, an island just off the tip of the peninsula, has an area of only 225 square miles and a population approaching 1.25 million of whom about 80% are Chinese. The report notes that by Asian standards, the Malayan economy has reached a relatively advanced stage; per capita income is the highest in the Far East. The economy has been built largely on the production of rubber and tin for export, on commercial and financial services for local markets and for a large entrepot trade, on production of foodstuffs, principally for domestic consumption and on a variety of small industries. Malaya is now the world's largest producer of tin and is second only to Indonesia in the output of natural rubber. In 1953, rubber and tin accounted

for 85% of the value of all exports of domestic products, with rubber alone accounting for 60%. Entrepot trade—merchandise which passes through Malaya from a foreign source to a foreign destination, including merchandise processed en route—is largely concentrated in Singapore. It comprises half of all Malayan trade in terms of gross value.

Malaya's economic growth over the past 50 years has considerably out-distanced the growth of population. Nevertheless there has been a considerable element of instability in the economic structure, in large part due to fluctuations in the price of tin and rubber in the world markets, as well as unevenness in the volume of entrepot trading. General economic activity has alternated between periods of marked buoyancy and depression. Since the boom period of 1950-51, government expenditures have risen substantially in both the Federation and Singapore in response to demands for better and more extensive education and health facilities, as well as for improved power, transport and communications; in the case of the Federation, large public expenditures have also been necessary to meet the emergency situation created by Communist-terrorist action.

The mission foresees difficult problems in financing future development in the Federation and Singapore. Even though the prices of rubber and tin have risen from the low level they reached during the period in which the report was written, it is expected that government revenues will remain fairly static although recurrent expenses are bound to continue to increase. The mission believes, however, that substantial public investment can be maintained if taxation is increased slightly, if existing government reserves are reduced and if Malaya receives external financial assistance. On this assumption, and in view of the opportunities for expansion in a variety of lines of economic activity, the mission believes that a steady growth of the Malayan economy can be achieved. At the same time it notes that perhaps the most difficult aspect of Malayan development is the rapid growth in the population and labour force; the birth rate is now over 3% in the Federation and more than 3.5% in Singapore. The report states that "it would be possible to be much more sanguine about the outlook for long-run advancement in standards of living and economic well-being if the high birth rates of both the Federation and Singapore were likely to fall."

THE FEDERATION

Agriculture: Malaya's agricultural resources offer good possibilities for increased output and employment. The Federation has extensive areas of potentially cultivable land, and land now under cultivation can be put to more productive use. About one-fourth of the public investment proposed for the Federation would be made in the field of agriculture. The mission's recommendation that highest priority be given to increasing Malayan

rubber production is based on the prospect that world rubber consumption will rise and on the mission's belief that Malayan rubber can compete successfully with synthetic rubber provided the industry, with government co-operation, makes a determined effort to replant with trees yielding more rubber at lower unit costs.

The mission supports the Federation's plan for increasing rice production, but warns that self-sufficiency in rice does not appear to be economically feasible. It urges more precision in analysing the cost-benefit relationships of rice projects, to permit a more realistic determination of the extent to which investment in rice should be put before other development demands.

Along with programs of rubber and rice expansion, the mission suggests that attention be given to the relative economic advantages of other crops. In this connection it recommends a comprehensive land use survey for better knowledge of Malaya's agricultural possibilities. Special attention should be given to the possibilities of extending oil palm and cocoa cultivation, rehabilitating the coconut industry, and guiding the further growth of small-scale village agriculture generally. Other recommendations in the agricultural field include expansion of extension programs, research and experimentation, marketing services, training of technicians, and measures to foster co-operatives and to improve land tenure conditions and farm credit facilities.

Minerals: Tin accounted for more than 20% of the value of Malaya's exports in 1953 and the present uncertain market makes any substantial expansion of production unlikely. The mission believes it important, however, that Malaya maintain its position as the world's largest single producer. The main recommendations in the field of minerals are for geological surveys to increase knowledge of local mineral possibilities, and for government policies more hospitable to private prospecting and development of mineral resources.

Transport, Communications and Power: While transport, communications and power are quite well developed in the Federation, their continued expansion is essential to the growth of a variety of private industrial, agricultural and commercial activities. In transport, the mission urges particular attention to feeder roads serving agricultural areas. The report recommends improvements at Port Swettenham, on Malaya's west central coast, so that the increased traffic may be handled more efficiently; for Penang, an entrepot and domestic trade centre in the north, better ferry and lighterage services are recommended. The mission endorses the introduction of diesels on the railways and the addition of rolling stock and yard and shop improvements. About 11% of the total investment program is allocated to the expansion of electric power capacity and extension of the electricity network. This would be mainly for the Central Electricity Board to meet an estimated 80% increase in the power requirements of CEB's system during 1955-59.

Social Services: About a quarter of the recommended investment for the Federation is in the field of social services. A modest increase in government contributions is proposed for social welfare activities. Substantial outlays are recommended for improving sewerage and water supply, and for housing. There is a strong and insistent public demand for more educational, medical and health facilities and the mission believes that further extension and improvement of these services should be supported. At the same time, since their expansion will mean a large additional burden in capital and recurrent expenditures, the mission urges that the beneficiaries of these services be required to relieve the central government of part of the cost by making larger contributions at the State and local level. In drawing up the recommended social service programs the mission has assumed that these larger contributions will be forthcoming.

SINGAPORE

Much of Singapore's capital requirement is for the expansion and improvement of such essential services as electricity, gas, water, sewerage, telecommunications, streets, roads and marketing facilities. In the field of transport and communications, the mission endorses Singapore's plans to expand port capacity by the addition of deep-water berths, to improve and extend street and road networks and to expand telephone facilities. About half the recommended investment is for social services, the largest single expenditure being for low-cost rental housing. Heavy investment is also recommended for public schools, because the primary school age population is expected to increase by as much as 50% in the next five or six years. The mission supports the establishment of a Singapore Polytechnic Institute to assist in meeting the urgent need for vocational training.

INDUSTRY AND ENTREPOT TRADE

The mission anticipates a continuing growth of manufacturing activity in the Federation and Singapore, mainly through small and medium-size enterprises, but possibly also in a few lines of larger-scale manufacturing. This confidence is founded on its belief "that Malaya possesses a much higher degree of enterprise, business experience and skills than most Asian countries, established habits of discipline conducive to manufacturing operations, and a domestic market benefiting from income and consumption levels which are high by Asian standards." The mission is also optimistic about a rising trend of entrepot trade, assuming no serious political disturbances in Southeast Asia.

In the mission's view, government can assist private enterprise by expanding vocational training, assisting in technical and market research, providing suitable sites and other services for new industries, improving industrial credit arrangements and, in appropriate cases, adopting policies of protection. While the mission did not find shortage of capital

an immediate deterrent to industrial growth, it believes that finance is likely to become more of a problem. It therefore recommends that consideration be given to the establishment on a Pan-Malayan basis of an industrial credit institution which would provide medium and long term capital for private industry.

FINANCING DEVELOPMENT

The development expenditures recommended by the mission take into account the domestic resources which seem likely to be available over the next five years. The mission cautions, however, that its forecasts should be reviewed periodically in the light of changing circumstances, and that financial policies and development planning should be adjusted accordingly.

The Federation's public finances have deteriorated since 1951 because of declining revenues, rising social service expenditures and the heavy financial burden of the emergency. The cost of meeting priority investment demands and recurrent expenditures (including those attributable to the emergency) may prove to be too great to be financed from domestic resources, and some measure of financial assistance from the United Kingdom Government has been assumed by the mission. To increase public revenues, the mission recommends that the taxes on individual incomes be raised, that charges made for State and local government services be increased and that government reserves be drawn down.

In contrast to the Federation, Singapore's public finances have been consistently favourable over the past several years. However, the mission expects that Singapore, too, will have to increase its revenue to meet new demands. The recommendations here are mainly for a higher individual income tax and increases in other rates and charges, including certain medical and education fees.

PROPOSALS

The report concludes with recommendations for organisational and institutional measures designed to facilitate the planning and execution of the development program. It proposes establishment of an Economic Committee in the Executive Council of the Federation and a Secretariat to consider and make recommendations concerning development proposals requiring substantial government expenditures. The report also recommends appointment of a technical advisory committee chosen from the Federal departments most closely concerned with economic development; this committee would assist the Secretariat. The mission does not consider that similar new bodies need be established for Singapore, but instead recommends the strengthening of existing governmental arrangements for dealing with development.

After analysis of the present financial relationship between the Federal Government and the States

THE FATE OF HAMBRO REPORT ON HONGKONG REFUGEES

By Edward Szczepanik

(Lecturer in Economics, University of Hongkong)

The problem of refugees in Hongkong emerged as a result of the Communist victory in China. The United Nations High Commissioner for Refugees had been first confronted with this problem in January 1951 through an appeal made to him by the Chinese Ambassador in Rome. A year later, on 7th January 1952, the Representative of the Republic of China to the United Nations raised the question of refugees in Hongkong in a speech in the Third Committee of the General Assembly at its sixth session. The problem was discussed again on 9th December 1952 during the seventh session of the United Nations General Assembly. Since the question whether the Chinese refugees in Hongkong came within his mandate had proved to be an extremely difficult one, the High Commissioner referred the matter to his Advisory Committee. In April 1953 the Advisory Committee decided that the situation in Hongkong should be investigated by the High Commissioner and that a report should be made as soon as possible. The Ford Foundation, approached with a request for funds, made, in November 1953, a grant of US\$50,000 for the purpose. In April 1954 the appointment of Dr. Edvard Hambro, former Registrar of the International Court of Justice, as Chief of the Hongkong Refugees Survey Mission had been announced. The Mission began the work in Hongkong on 28th April 1954 and finished it here on 31st August 1954. The final report was written in Geneva and was submitted to the High Commissioner for Refugees on 15th November 1954. At the fifth session of the High Commissioner's Advisory Committee which met in Geneva on 6th December 1954 it was agreed to defer consideration of Hambro Report until the next session and to include in the Committee's report a statement along the lines suggested by the United States representative, "that the Committee expresses the hope that the voluntary agencies would continue their efforts, in order to meet at least the most critical needs of those unfortunate people."

The Findings of the Mission

On the basis of the investigations, the number of Chinese political refugees living in Hongkong last summer was estimated to be 385,000 or, with their dependants, around 670,000. These figures include 285,000 refugees who fled from China for political reasons (with their dependants, 473,000 persons) and 100,000 refugees "sur place" (with dependants, 194,000 persons).

and Settlements which comprise the Federation of Malaya, the mission has made certain proposals for a revised system of grants from the Federal Government to the States and Settlements. The changes which have occurred in the Malayan economy over the years have led the mission to recommend the establishment of a central bank to allow some element of monetary management and credit co-ordination. The bank should be planned to serve both the Federation and Singapore, since the two governments share a single economy, closely unified by the inter-locking of trade and finance.

The Mission was doubtful whether even the 385,000 Chinese refugees who may be characterized as political refugees, fall within the terms of the Statute of the High Commissioner's Office. The High Commissioner does not extend his protection to persons who can be protected by their own Government, and most of the refugees owe allegiance to the Government of the Republic of China and can be diplomatically protected by that Government in states which recognize it as the Government of China. Even though the British Government has recognized the People's Government of China and thereby rendered diplomatic protection in Hongkong by the Government in Taipei impossible, it might be argued that the High Commissioner cannot protect these refugees as long as the Government in Taipei is accepted as the Government of China by the organs of the United Nations.

The Mission suggested, however, that these refugees are of international concern, and that it is inconsistent with the large measure of international interest in other groups of political refugees that this important group should fail to receive international assistance on account of a legal technicality. The conditions under which they were living were found deplorable, and on the whole much worse than those of other post-war immigrants in Hongkong. The Mission appreciated that it is out of the question for the administration to discriminate in favour of political refugees as distinct from the rest of the population, for, from the official standpoint, the refugees are merely Chinese persons living in a British Colony and cannot, therefore, be given special treatment. From the international point of view, however, they are political refugees and, as such, should be helped. The United Kingdom Government cannot be expected to shoulder the burden alone and it is an accepted principle that the country of asylum should not bear responsibility for refugees unaided.

Taking that principle as a starting point, the Mission had considered three conceivable solutions: repatriation, emigration and resettlement. The first was obviously out of the question. Great difficulties had arisen over emigration, but there had been a proposal that some of the Chinese refugees should emigrate to Taiwan and elsewhere and possibilities in that direction, however limited, were recommended for exploration. With regard to resettlement in Hongkong, certain proposals had been made, the main of which was that funds should be raised with a view to helping refugees by loans or grants for vocational training, scholarships, etc. The figure put forward was 55 million HK dollars (about 10 million US\$). The Mission felt that if such an amount could be raised, an excellent beginning could be made.

Should it be considered impractical to enlarge the mandate of the High Commissioner or to create a special organization in the same way as has been done in regard to the Arab refugees from Israel, the Mission suggested that an international appeal might perhaps be made for a relief

The author of this article acted as statistical consultant to the United Nations Hongkong Refugees Survey Mission headed by Dr. E. Hambro in 1954.

fund and this might be accompanied by a closer co-ordination of the agencies working in Hongkong in favour of Chinese refugees. It was clear that no action could be undertaken without collaboration with the British authorities governing the Colony. But, in the opinion of the Mission, however many difficulties might be envisaged and objections raised to any definite plan, it would seem impossible to the international community to ignore the fate of the Chinese refugees crowding the Colony of Hongkong.

Detailed recommendations of the Hambro Mission are summarized below.

Emigration Possibilities

(i) The Free China Relief Association, in Taipei, with the official backing of the Government, have drawn up a plan for resettling about 30,000 refugees on the islands between Taiwan and the mainland. These plans have not yet been worked out well enough to be practicable in the near future. It is, however, possible that some well documented plan may eventually be worked out along those lines. Furthermore, it is believed that marginal land might be reclaimed in parts of Taiwan itself. It is a fact that the island has received a certain number of Chinese refugees since the end of the hostilities on the mainland and that the financial situation does not encourage any large-scale schemes without support from the outside. Nevertheless, it should be possible, with the right kind of assistance, to establish a considerable number of refugees in different parts of that island. The Mission recommended that negotiations with the Government in Taipei should be entered into with a view to such settlement, and that all possibilities ought to be thoroughly examined. From the purely humanitarian point of view, the Mission recommended that the repatriation of Chinese refugees to Taiwan should start with the remaining disabled war veterans living in Hongkong. However, even if 30,000 refugees could be resettled in Taiwan and the adjacent islands, that would take a considerable time and would still leave a fairly large number of Chinese refugees in Hongkong. Possibilities, therefore, had to be examined in other parts of the world.

(ii) Investigation has shown a very great reluctance to accept Chinese immigrants anywhere in the world. The immigration policies of Australia, New Zealand, the United States and Canada, are known well enough, but could conceivably be modified. The United States have shown the way by revising their immigration laws and by making provisions, under the United States Refugee Relief Act of 1953, for the admission of a limited number of Asian refugees. Efforts might be made to obtain similar action in other countries.

In spite of the fact that absorption of Chinese settlers in Asian countries would seem easier than in the countries of predominantly European stock, the immigration policy of these states does not appear to be more favourable to Chinese refugees. It is true that countries like Japan and India are already overpopulated and are looking for outlets for their own population surplus. In other countries of South-East Asia the addition of new Chinese immigrants to the already existing large Chinese communities might aggravate a latent, and in some cases an acute problem of ethnic minorities.

In a number of countries, such as British Borneo (North Borneo, Brunei and Sarawak), the Governments want to protect the native population and for that reason will not accept Chinese. Although there are economic possibilities for settlement of a certain number of Chinese in North Borneo, the only country that consistently has complained of shortage of manpower, and the settlement of some 7,000 Chinese workers would help to develop that Colony, this obviously cannot be done without the co-operation of the British au-

thorities and a favourable attitude on the part of indigenous groups.

The situation in South American countries has also been investigated and here again there seems to be a certain possibility for Chinese immigration, although the cost of transporting any great number of people from Hongkong to Brazil or Venezuela is considerably higher than it would be to Asian destinations.

(iii) From a purely economic point of view, Chinese immigration seems possible in various countries of Asia, Oceania and the Americas, particularly in the more sparsely populated areas with natural resources. Moreover, it is admitted, even in the countries where public opinion is less favourable to Chinese immigration, that the Chinese as a race are hard working, industrious, intelligent and frugal. Perhaps these very qualities as well as their high rate of reproduction, contribute to the widespread resistance to the admission of any large number of Chinese immigrants.

Another fact, which operates against the admission of Chinese, is their slow assimilation into the countries of settlement. It would seem that in the past large groups of Chinese have been absorbed into local communities, particularly in South-East Asia. But this assimilation is very slow in countries where there are large Chinese groups. Such groups often form a kind of ethnic minority and in the present unstable political situation in the Far East the internal and external problems involved in the presence of such large minorities seem to be the greatest obstacle to any large scale Chinese immigration.

Furthermore, it should be realized that the occupational difficulties associated with the emigration of Chinese refugees are very great. Only a few hundred, at most a few thousand, refugee families in Hongkong are fit for agricultural work, and agriculture is the main opening for large scale migration.

In these circumstances it was obviously impossible for the Mission to recommend any large scale emigration of Chinese refugees from Hongkong.

Resettlement in Hongkong

In view of the difficulties connected with emigration and of the preference expressed by approximately one-half of the refugees, considerable attention had to be given to the firm establishment in Hongkong of those refugees who are not yet settled, or not settled in satisfactory conditions. Here the situation is quite different from other countries with a refugee problem because the Chinese refugees are treated as members of the indigenous population so that their economic difficulties are fundamentally the same as those of the rest of the population. The economic and social problems of Hongkong, which may be characterized as the general problems of poverty, over-population and unemployment, are related to the continual influx of immigrants from the mainland and, more recently, to the rate of natural increase. This made it natural and necessary to examine whether steps could be taken to improve the economic position of the entire population of Hongkong.

(i) The Mission stressed that the most obvious step would be to increase the industrial and commercial expansion that is already taking place in spite of very great difficulties. It is difficult, however, to induce people to invest their capital in industrial undertakings, on account of the unsettled political situation in this part of the world. The Mission pointed out, therefore, that the present industrial expansion of Hongkong could be considerably larger if some means could be found of insuring the investors against risk from political causes. In this way the employment situation would be eased and the immigrants and refugees would thereby benefit.

(ii) A measure specifically directed towards relieving unemployment amongst refugees would be the establishment, on a voluntary basis, of a Refugee Employment Exchange.

(iii) Further, particular measures ought to be taken in order to encourage vocational training of both young and adult refugees.

(iv) A few thousand refugee families could be resettled in agriculture, and in this field important work has already been done in the Colony during the last few years. The existing agricultural schemes help to make the immigrants self-supporting as well as to increase the food supply of the Colony.

(v) The same applies fundamentally to fisheries, although the survey has shown that there are few fishermen among the refugee group.

(vi) Furthermore, many of the refugees have shown considerable ability in arts and crafts, and many more of them could probably find employment in this particular form of industry.

(vii) The main problem in respect to the integration of refugees in independent occupations is the lack of cheap credit. Most of the refugees have to start their old occupation again "from scratch". Credit, therefore, should be granted to them on particularly favourable terms both as to the rate of interest and as to the time allowed for reimbursement. Unless this problem of cheap credit for social-economic purposes receives a general solution in Hongkong the Mission suggested that a special Refugee Credit Fund be created with the support of local, private and, if possible, also public resources and with outside contributions.

(viii) The local settlement of professional and intellectuals is particularly difficult. It can be considered that on the whole the most capable amongst the refugee intellectuals have already found some means of livelihood in Hongkong. More openings in this respect will be offered in the course of years by the cultural development of Hongkong which is, partly through the influx of refugees, higher now than it was before the war. This refers particularly to the development of educational institutions.

(ix) The majority of unemployed refugee intellectuals need to be redirected towards related professions of actual use to industry and commerce, and an appropriate number of scholarships should be granted for this purpose. Other refugees in this category need scholarships in order to complete their education in the branch they have taken up, which will allow them to exercise their professions in Hongkong. The establishment of refugee intellectuals in Hongkong requires, further, assistance from the Refugee Credit Fund and the Refugee Employment Exchange and also individual casework, which, the Mission believed, the existing voluntary organizations could properly continue to carry out provided they receive adequate financial means and increase their efforts towards the occupational rehabilitation of refugees.

(x) The housing problem of refugees is only a part of the general housing problem in Hongkong. The Government are making valuable efforts to solve the problem of low-cost housing, but unless these efforts are intensified and speeded up to a considerable extent the housing problem in Hongkong will remain acute for many years. It is difficult to recommend particular measures in favour of refugees as long as the general conditions remain what they are. The Mission believed, on the other hand, that if the Refugee Credit Fund could be entrusted with sufficient resources, the activity of this Fund could be extended also to facilitating the building of low-cost houses for refugees. Such an action would of necessity have to be restricted to selected cases, for instance large families. The re-housing of such families should be linked with the efforts towards occupational rehabilitation.

The Burial of Hambro Report

A well attended public meeting to discuss the report of Hambro Mission was held under the sponsorship of the United Nations Association of Hongkong on 3rd May 1955, with its Honorary President, Mr. G. E. Marden, in the chair. The meeting passed a resolution proposed by the Rev. Bro. Cassian, Chairman of the Executive Board of the UNAHC, and seconded by Mrs. Violet Chan on behalf of the Council of Social Service, "to transmit to the Advisory Council of the United Nations High Commissioner for Refugees the earnest and full support of the United Nations Association of Hongkong of the recommendation of the Hongkong Refugee Survey Mission that maximum and immediate aid be given to the 667,000 refugees in Hongkong and that the United Nations Association of Hongkong appeal to United Nations associations and their governments all over the world to support the resolution."

The UNREF Executive Committee, established in accordance with the resolution adopted by the Economic and Social Council on 31st March 1955 and replacing the former "Advisory Committee", held its first, inaugural session from 9th May to 14th May 1955 in Geneva. This Committee, at its sixth plenary meeting, discussed the problem of Chinese refugees in Hongkong which the High Commissioner's Advisory Committee at its fifth session in December 1954 had decided to defer for later consideration. During this discussion the observer for the Government of the Republic of China, Mr. Cheng Paonan, expressed his thanks to the Ford Foundation for having made available the necessary funds for the Survey which had been "admirably carried out by Dr. E. Hambro." He said that in the opinion of his Government the Chinese refugees in Hongkong came within the High Commissioner's competence. Mr. Cheng Paonan paid tribute to the great efforts made by the British authorities in Hongkong to deal with the burden placed upon them by this group of refugees, and expressed the hope that the High Commissioner would encourage everything possible being done to solve the problem by helping the refugees to become integrated in Hongkong, or resettled overseas. He described the efforts made by his Government to receive 150,000 Chinese refugees since 1949 and plans to receive an additional 30,000 in the future, in as short a period of time as possible.

The representative of the United Kingdom, Dame May Curwen, while assuring the Committee that her Government would do everything in its power to help this group of refugees in Hongkong, expressed the hope that it would be possible to settle a large number of them overseas, and that in affording assistance to the needy Chinese population in Hongkong, no arbitrary criteria as to the definition of beneficiaries would be applied.

Various delegations praised Dr. Hambro for the quality of his report, and the United Kingdom Government for their humanitarian handling of the problem. The humanitarian aspect of the problem was emphasized and the High Commissioner was called upon to encourage governments and organizations to assist in alleviating the problems of these refugees. Certain delegations, however, while approving the report in general, made reservations as to Dr. Hambro's legal conclusions. In spite of all the humanitarian talk it was this legalistic point of view which was eventually approved as the following resolution, submitted by the representatives of Colombia, Iran, Turkey and the United States of America, was adopted unanimously by the Committee:

"The UNREF Executive Committee

Having considered the Report made to the High Commissioner by Dr. E. Hambro on the problem of Chinese

HIGHER STANDARD OF LIVING AND AVAILABLE CAPITAL IN EAST ASIA

By Douglas N. Kendall

This essay is about Resources Inventory and its effect upon the standard of living—and on such projects as the Colombo Plan.

As regards the problem of population, the present world population is over 2½ billion and is increasing at the rate of about 1.8 per cent a year, although it is a little higher than that figure in Canada and a little lower in Asia. The highest increase is in South America. Based on the United Nations population figures, the population in 1980, within the lifetime of most of us and certainly within the lifetime of our children, will be 3,900,000,000. It might well be in excess of that—over 4 billion. This is the first factor.

The second factor is the problem of the standard of living. The requirements, in terms of natural resources per capita, are increasing at a rapid rate. To appreciate this trend, let us look back. Our grandparents needed little steel or iron to keep them going. Another good example is oil. Oil consumption during the first years after

refugees in Hongkong, which was submitted to the High Commissioner's Advisory Committee at its fifth session,

Noting that the Report is shortly to be published and will be available to Governments and voluntary organizations,

Recognizing the continuing need to alleviate the suffering of the refugees to which reference is made in the Report,

Moved by its concern for the humanitarian problem involved,

1. Notes with appreciation the thoroughness with which the Report has been drawn up;

2. Requests the High Commissioner

(a) To give sympathetic encouragement to Governments and organizations with a view to their assisting in alleviating the problems of the Chinese refugees in Hongkong;

(b) To report to the Committee, when he deems it necessary, any progress made in the implementation of this resolution."

Mr. Cheng Paonan expressed his appreciation to the authors of the joint draft resolution for their sympathy and to the United Kingdom representative for her support. Nevertheless, his Government did not consider that the resolution was of a kind that was likely to bring tangible assistance to the Chinese refugees in Hongkong.

Hongkong's Resolution of 3rd May 1955 was not even mentioned in the official minutes of this Geneva session.

Dr. Hambro's report will shortly be published, in English, and will be on sale to the general public. It is being published, however, under Dr. Hambro's responsibility, and will in no way appear as a United Nations publication.

Thus Hambro Report was buried with all honours . . .

But the work for refugees in Hongkong remains to be done and in this respect Hambro Report may still be regarded as a source of useful information and as a policy guide-book.

the war increased 10 per cent a year. The rate of increase has dropped a little now, but it is still increasing over 5 per cent a year. As the population is only increasing 1.8 per cent per annum, it is obvious that population increase alone does not account for the annual increased consumption. We are actually using more oil per capita per year.

The third factor is the one of resources. Resources are definitely finite. They are not unlimited. Some of them reproduce but they are definitely limited in their extent. If we use them beyond their reproductive rate we destroy our capital. In terms of land there are 2.4 acres of land per capita in the world. In 1980, when we attain this four billion population figure, there will be 1.8 acres of land per capita. This fact is inescapable. In terms of forests there are about 5 acres of forest per capita in the world. This figure will be reduced to 3.2 acres per capita in 1980.

In terms of metals, the excellent Paley Report produced in the United States gives the long-term picture and it is not too good. Certain types of metals such as copper, lead and zinc, are in short supply. To take an example, a typical large U.S. mining company might take 30 million tons of ore a year from the ground. It has to find therefore, by exploration, at least 30 million tons each year, or else ultimately go out of business. Adequate tonnage replacement is not being achieved by many mining companies. Iron ore is in the same category. Engineers thought the Mesabi deposit would keep the United States supplied permanently but it has been necessary to develop the Labrador iron ore deposits, where 500 million tons have been proven. The United States uses over 100 million tons of iron ore a year, so that the Labrador deposits, vast though they are, would only keep the United States going for five years if they were the sole source of supply.

We are consuming our capital resources at an alarming rate. This is the problem of England. Cheap coal and plentiful iron ore built her into a major industrial power. The cheap coal has been largely worked out and now she even imports a certain amount. Moreover, 70 per cent of England's iron ore now has to be imported. Power is another example. Ontario has long thought it possessed an unlimited supply of power but the province is down now to about its last reserves in hydro-electric power development with the St. Lawrence Seaway project.

Now in contrast to this pessimism there is an optimistic side.

Agriculture: It is true that the world population is increasing at the rate of about 2 per cent a year. Yet if the yield from our agricultural land can be increased at a greater rate than 2 per cent a year, then the world's standard of living will rise. If we cannot increase it that amount, the living standard, world-wide, will fall. This is an attainable target given better seeds, use of fertiliser and better agricultural practices. In many areas of the world, two or three times more per acre might well be produced.

Forestry: In forestry we have the same situation. By intensive management, we could produce two or three times more timber per acre than the present yield.

Metals: Overall metals are abundant. Certain metals, it is clear, are in short supply, but alternatives are appearing constantly.

If the long-term position of oil reserves is weak, it is also apparent that we are entering the age of an alternative form of fuel. Uranium is well on the way and it will be an economical fuel. Moreover it is plentiful.

However, the fact remains that we are guessing as to the extent of our resources. No business in the world could exist unless it had an accurate picture of its inventory, knew what it had ahead and could do a certain amount of planning. Yet governments and international organisations like the United Nations have to make far-reaching commitments without being certain to what extent the resources are available which will enable them to implement their commitments.

It is obvious that Asia and Africa are awakening. They are being exposed to the Russian experiment and have found it working from a materialistic point of view. The people of these countries are either going to fall on the Russian side of the fence or on ours, depending largely on what we do to improve the material standard of living in those countries. This can only be planned in terms of the natural resources available.

Now the question is, is it worth the trouble? Is it realised how the job must be done? The broad conception is generally accepted but how to implement it is another matter. The tendency is to proceed along lines which are familiar. For instance it is relatively simple, because we know how, to go into these countries spending millions of dollars building hospitals and teaching hygiene. The net result in Asia, however, is to reduce the child mortality and increase the population thus raising further problems.

The second thing that is easy to do is to spend millions of dollars on improved educational facilities. This, obviously, has to come, but one can only educate a few at the beginning and there is nothing to support them when they return to their own people. All that may have been done is to increase their ambitions without providing an outlet for them.

Then there is the third thing regarded as a sort of Mecca—industrialisation. People look at the United States and think that its fantastic standard of living is based on its enormous industrial empire. They forget that this industry is based on huge natural resources. So they want a steel mill erected. They do not stop to question its economic practicality for instance, whether there is iron ore, power, limestone, coking-coal and the market to make a steel mill economic in that area.

So we come to the fact that we have to have first things first. If the standard of living is to be raised in these countries the first job is to have a complete resources appraisal of what that country possesses. This, and the energy of the people, is the country's capital and from this base planning can start.

* * * *

Is this something that is achievable or is it a rosy dream? Canada has been carrying out geological mapping for about 100 years and has done a pitifully small portion of the country. Yet if the past five years are examined in every one of those years there has been as much geological mapping done as in the rest of the time put together. In other words there has been a technological revolution in recent years in mapping techniques. Three years ago during the Keewatin operation on the west coast of Hudson Bay, over 60,000 square miles of territory were mapped geologically in one season by two parties using helicopters.

These new methods, allowing the precise production of a resources inventory at an acceptable cost, are most involved. There are a number of steps and the first is to obtain air photography. This is not particularly new: the only thing new about it is its application, although quality has improved, resulting in better photographs. The big advance has been in the science of interpreting the photographs.

The second step is to produce maps to record the data, and the photographs are used for this purpose. With new photogrammetric methods maps can be drawn to almost any accuracy needed. Maps have to be based on known points on the ground. In the old days we obtained these triangulation points on the ground with precise instruments very laboriously. Since the war, however, it has been possible to do this with electronic devices so that now we can fix the position of an aircraft 300 miles away within 100 feet and thus largely replace ground methods.

The third step is to compile the resources data on to the maps. In forestry it is possible from the photographs to obtain tree heights, special composition, density and acreages of each particular forest type. It is necessary to go in on the ground and sample, but by putting the two findings together a high degree of accuracy is obtained for forestry inventory. An inventory of the whole of Canada during the past five or six years under the Canada Forestry Act has been under compilation. Formerly, the cost would have been \$120 a square mile and the total would have cost millions of dollars. Using these new methods it can be done now for \$20 a square mile—one-sixth of the original cost.

For agriculture one must again employ new methods, particularly for soil surveys. The Photographic Survey Corporation has an operation on at the present time in Pakistan where soil survey maps covering 160,000 square miles have to be produced in two years. This is in order to increase the agricultural yield. Pakistan has some five million refugees to be placed on the land and the country is not producing enough food for their needs. Last year Pakistan had to receive a gift of a million tons of wheat from the United States, and there was a large gift of wheat from Canada as well in order to avert starvation. The positive approach of increasing yields has therefore been adopted with the assistance coming from Canada under the Colombo Plan.

In geological surveys are found the biggest evolution of all. Here we start with aerial photographs from which the rock structure can usually be interpreted. One can also make a number of geophysical measurements from the air. There is the airborne magnetometer that plots the magnetic effect of rocks. There is the airborne radiation counter that registers the radioactivity of rocks. And then, more recently, there is the very new electro-magnetic instrument which records conductors and thus picks out sulphide ore bodies that may carry copper, nickel, lead and zinc. Then there is the helicopter providing a rapid means of moving the geologists from point to point. This advantage cuts the cost again. We can maintain with assurance that the technical means for carrying out these programmes exist, and that they can be done at an acceptable cost.

Now, assuming the means are there, the problem is whether they can be applied. It is a difficult matter to apply them to Asia and Africa which lack capital and technical staff. Fortunately the means for doing it exist in the Point Four programme being carried out by the United States, which is spending over \$400 million a year in such aid. Then there is the Colombo Plan comprising fourteen nations grouped together to improve the standard of living of Asia. It involves \$5 billion over six years.

The key to the development of these countries, thus providing the democratic world with greater security, lies

MIDSUMMER STOCK-TAKING: UNDERLYING STRENGTH OF THE BRITISH ECONOMY

By John Kingsley

When 1955 began, the United Kingdom was faced with the problem of reducing a too rapid growth in domestic demand so as to ensure the continuation of the prosperity which it had enjoyed since the start of 1953. To meet this increasing demand imports had risen abruptly towards the end of 1954, but expansion in exports had slowed down. As is natural in a country as dependent on foreign trade as the United Kingdom, the internal pressure on economy was quickly reflected in a deterioration in the balance of payments. Thus the surplus of £172 million in the first half of 1954 was followed by a deficit of £12 million in the second half of the year. This reversal from surplus to deficit came in for much discussion, since the latter was the first to be recorded since 1951.

It is however worth recalling that a "shortfall" of the order of £12 million is, in itself, quite insignificant and that the country should be able easily to take it in its stride, provided prompt measures are adopted to prevent further deterioration. The government did, in fact, take speedy action. At the end of January, the bank rate was raised from three per cent to three and a half per cent. As this "Amber" sign did not prove sufficient, a further increase by one per cent to four and a half per cent was announced at the end of February. At the same time some restrictions on hire purchase were reintroduced, since the facilities for easy instalment payments (made available in July, 1954 when all restrictions were lifted) had stimulated an excessive rise in the demand for durable consumer goods, such as television sets and household appliances.

The main reliance was thus placed on a flexible monetary policy, the government showing its faith in free economy by refraining from any attempt to reintroduce import and other direct controls.

It takes some time for the effects of the monetary measures to pervade the whole economic system and it was therefore to be expected that several months must pass before the balance could be restored. In fact that drain on gold and dollar reserves was quickly halted and in April reserves actually rose by \$19 million when towards the end of May the railway and dock strikes started, it was feared that their effects on production and trade would lead to renewed deterioration in the economic situation.

Pessimists have however proved wrong. Repercussions—in particular those of the railway strike—were relatively small. Much of the credit must go to British faculty for improvisation which in this case put road transport facilities to far greater use than the majority of observers had expected. The statement by Mr. Butler, Chancellor of the Exchequer, that the "position has been held" was confirmed by the June figures for reserves. During that month, they fell by only \$6 million although at the beginning of June, the United Kingdom had paid a quarterly instalment of \$8

million on a Canadian interest free loan. Reserves now stand at \$2,680 million, which is \$82 million less than at the beginning of the year. This decline, which is certainly not an alarming one, is moreover fully accounted for by movements in the first quarter of the year. For in the second quarter there was a net influx of \$13 million.

Statistical data now available demonstrate the underlying strength of the British economy. Industrial production in the first five months of this year was six per cent higher than a year ago. In the manufacturing industry alone the index showed a rise of more than seven per cent. This increase is in line with the expectation expressed by Mr. Butler at the time of the Budget—expectations which at that time even experienced commentators had considered to be over optimistic. Admittedly coal production is stagnant and heavy imports needed to bridge the gap between rising consumption and output are likely to result in a coal import bill of £80 million. Steel imports are also likely to increase this year since they are expanding faster even than the record output. This is, however, only a temporary problem which will be solved with the completion of the new production programme. Unemployment is at the very low level of one per cent and there are three vacancies on the books of the Labour Exchange for every two persons unemployed.

The very high level of employment which as such is most satisfactory does, however, facilitate claims for wage increases, and in the first four months of this year the wage rate index rose by seven points compared with three points in the corresponding period of 1954. Such increases have until recently been accompanied by corresponding rises in productivity. British industry is well aware that it must make continued progress in this direction if it is to remain fully competitive. That awareness is demonstrated by rising level of investment as indicated by new factory building and the increasing flow of orders for machine tools.

In view of the need for investment it becomes still more necessary to curb the growth in domestic demand so as to leave sufficient resources for the expansion of exports. That the measures taken last February have already had some result is shown by the fact that in the first quarter of this year home demand rose at a slower rate as compared with the previous year than in the last quarter of 1954.

Again, whereas in the first quarter of this year imports were 23 per cent higher than the year earlier, in April and May they showed a rise of only eight per cent. Furthermore this rise was matched by a similar increase in exports. Thus the trade gap in April-May was almost the same as in April-May, 1954.

One is therefore justified in taking a confident view of the strength of the United Kingdom economy, while recognising that there are still difficulties to surmount in order to continue the balanced improvement. This is fully recognised by British banks who with the full approval of the government have just asked customers to curtail their credit requirements. On the other hand it is well to remember that, as a report of the bank for international settlements, points one money supply in the United Kingdom increased only by ten per cent from 1950 to 1954. That was the lowest increase recorded by any country during that period.

in the development of their natural resources. This in turn depends on their location and inventory. Once the resources are known to exist, the next steps can follow in natural sequence, i.e. sound industrialisation and an expanded economy which can support permanently improved health and educational facilities.

CHINESE MIDDLE SCHOOLS IN SINGAPORE AND POLITICAL COERCION

Following on the May riots arising out of the Hock Lee Bus Company disputes, in which students from Chinese Middle Schools had taken part, their committees of management agreed to close two of the Chinese Middle Schools. When the disturbances ceased, there was pressure to have the schools re-opened. The Government agreed to do that with an announcement that notice would be served on the schools to show cause why, under the law, they should not be closed and that the schools would be expected to expel the boys whom Government know to be creating the Communist-inspired troubles in these schools. An All-Party Committee was set up to look into the long-term problem of these schools. The membership under the Chairmanship of the Minister for Education, Mr. Chew Swee Kee, consists of 8 members all Assemblymen, and all Chinese, except for Che Haji Jumat, and Mr. M. P. D. Nair. They first met on May 20 and appealed to Government not to proceed with its intention of serving notice on the schools and asking for the expulsion of certain students. They appealed at the same time to the committees of management, the principals and teachers of schools and to parents to restore order and discipline. The first appeal the Government accepted to give the best possible atmosphere for its work, because the Committee was as politically representative as it could possibly be and its formation had won favourable comments from the Chinese Press. In its statement announcing the acceptance Government declared that "because the problem of Chinese education is such a fundamental one for the future of the Colony, the Government is convinced that no opportunity for reaching an agreed solution should be missed, and is therefore prepared at this critical time to do all that is possible to ensure for the Committee the maximum of goodwill."

With this problem in mind the Chief Minister, Mr. David Marshall, made a statement in the Assembly on May 26th appealing to the Chinese community for their help in reaching the solution of this problem without which all progress towards self-government would be jeopardised. He did not minimise the defiance of the students, manoeuvred by Communist in the schools. He said the turn of events raised the vital issue for every Chinese—Was Singapore his permanent home? Was he "going to respect the other communities and work in harmony and friendship with them to build a glorious new palace of independence"? He saw the Chinese students as ill rather than wicked. He knew he was being accused of weakness even cowardice. Nevertheless, the Chinese were "the very heart of the body politic" to harm whom would be to destroy progress towards self-government. The Government would therefore seek "to gain their confidence and co-operation which is absolutely necessary for the welfare of all races in this territory" and to make the Chinese realise "that the rich broad level of Chinese culture is not limited to the present-day political manifestations of their homeland which is based on foreign concepts."

Meanwhile, a joint committee of the Chinese Chamber of Commerce and six educational associations had received in response to an appeal, 34 memoranda for presentation to the All-Party Committee. These they reduced to 7 proposals which showed a serious attempt to co-operate towards a Singapore-conscious solution of this problem. They included a resolution in support of Malay-focussed text-books

and one against the political activities by students permission for which the sponsors of the Chinese Middle Schools Union were attempting to retain in their draft constitution now before the Registrar of Societies. However, a heated meeting at the Chinese Chamber of Commerce called to decide on them was dominated by Mr. Lim Chin Siong of the P.A.P. and his trade union associates, including those involved in the Hock Lee Bus Dispute, and rejected these two resolutions, passing the remaining five. The Chinese Chamber of Commerce officials were defied and defeated in their own premises and a new committee was set up, with 5 Trade Union representatives and only two from the Chamber, to "defend" Chinese education—in effect, to prevent its being seen as a facet of the problem of education in Singapore and to maintain it as an issue for political distortion and exploitation. Yet many Chinese leaders were disturbed at the portents of the course of this meeting.

The All-Party Committee has asked for memoranda to be sent to them by the public by the 10th of June and it announced that under the circumstances it was prepared to consider unsigned memoranda. As a result of this appeal, they received 74 memoranda submitted by 89 associations, schools, societies or unions and 22 individual memoranda. These included the memoranda which had been submitted to the Singapore Chinese Chamber of Commerce. The Committee decided that they should first consider the Middle Schools and in particular the following subjects: conditions of service of teachers; curricula; textbook; committees of management and recreation facilities. At a further meeting on 15th June, they had evidence from two members of the staff of the Education Departments, Mr. G. P. Darke and Mr. Liu Pai Hu on how the Chinese schools were run. Evidence was given at a later meeting by Mr. Lim Hoy Lam. Mr. Lam, a Malayan Chinese born in Seremban, is now principal of the Wah Lam College, Hongkong, where he has taught for 30 years. This college specialises in bilingual education. Its curriculum and teaching are designed to provide the greatest care for the education of Chinese boys in Chinese literature and traditions, while at the same time enabling them to acquire such standards of English education as would enable them to enter either the University of Hongkong or English-speaking universities overseas. The Committee continues to meet 3 times a week.

From June 12th to 17th, Singapore was again the victim of unrest perpetrated by the same group whose activities led to the Hock Lee Bus Riots. The dispute between the Singapore Harbour Board and their Staff Association has continued since April 16th. On June 9th, the "Water-Front" Unions linked with PAP gave a 48-hour ultimatum that the strike must be settled, or they would call a sympathy strike. With the recollection of the Hock Lee riots and with restlessness in the existing strikes at the Hume Pipe Company and Firestone, Government could not allow this form of political coercion by union with no more connection with the strike than they had with the Chinese schools problem in which they were interfering too. On June 11th, therefore, the Government decided to arrest a number of those believed to be fomenting the persistent unrest in Singapore. Five were arrested that night including the Vice-President and Secretary of the Singapore Bus Workers' Union, an officer of the Textile Mill Workers Union (both with close links with Assemblyman Lim Chin Siong of the People's Action Party)

and a school-teacher of the Chinese High School. Two others were arrested later. The premises of the Headquarters of this group of Unions in Middle Road was searched. The following day, the buses were called out on strike. And the much-vaunted general strike, now with the openly avowed purpose of forcing government to release the arrested men, was called the following day, June 13th.

Its purpose was to show such strength in one day that the Government and the public would be coerced into submission by a display of overwhelming strength, with the implication that the strike would last longer next time. But the group failed. The first day brought out some 15,000 of the 400,000 workers of the Colony. The maximum was 17,000. The Chinese workers in the S.H.B. came out for 1 day and then returned. On the third day, the Middle Road group started panic buying of petrol with rumours of a strike among the drivers of petrol supply lorries and intimidated the taximen off the roads. But they only succeeded in 'drawing attention to their strong-arm methods quite divorced from a trade dispute. By Friday 17th they had failed to disrupt the life of the City and were finding it difficult to maintain the limited degree of strike they had by then achieved. They took advantage of a statement by the Chief Minister that the cases would be reviewed, as they must be by the Emergency Regulations, within 14 days, to call off the strike, threatening action again if at that time the men were not released. But it was a thin covering for failure, hiding nothing. They had failed because their purpose was too blatantly political in the interest of a group for whom any problem must not necessarily be solved, but he turned to ends of political agitation. They failed to win over the mass trade unions—in the City, in the Services, and in the T.U.C. who condemned their action. The ordinary man and woman, and even the children who walked to school instead of going by bus, defied them. And in the end the workers themselves insisted on going back to work, rather than that political faces should be saved at the expense of their wages. The Government stood firm in its purpose and began its emergency transport services for school-children. All in all, it was a demonstration in support of the government which could only give encouragement, for it proved that there was a solid basis to the community that would not be rocked, and that respect for authority was seen not as a colonial survival, but as an essential element in the

protection of the way of life of the ordinary man. It allayed some of the fears left by the events leading up to the Hock Lee riots, and by the perpetual uneasy truce it seemed to leave behind. Since the end of the strike, 4 of those arrested have been released, and 3 retained including the Secretary of the Bus Workers Union. Cases are pending in the courts against 3 others for the possession of Communist documents. Meanwhile, although a much chastened PAP has had its second Annual General Meeting and has protested against any further detention without trial, no strike has been called or threatened.

At the meeting of the Legislative Assembly on May 26th, it was announced that the recommendations of the Rendel Constitutional Commission for a City and Island Council would not be proceeded with and the Assembly by 26 votes to 4 agreed to the setting up of a Committee to look again at the problem of local government in this crowded island. It has since been announced that Mr. T. P. F. McNeice would be retiring from his post as President of the City Council and would serve as Chairman of this Committee. The reason given by the Chief Minister, Mr. David Marshall, was the danger of setting up within a small island two bodies each almost independent of the other and each with considerable powers. The Minister for Lands, Local Government and Housing, Che Abdul Hamid bin Haji Jumat in moving the proposal, looked back to the Hill Report on Local Government in emphasising the function of local government organs, in giving closer contact, greater interest and more opportunities for public work to the people. The committee will also consider the re-allocation of functions between the central and local government, the setting up of public utility corporations and the use of more than one language in the Councils. The Progressive Party, which had been strongly represented on the Rendel Commission, were critical of this change of policy while the P.A.P. who expected a further extension of their power in the City and Island Council was puzzled, but acquiescent. The possibility of a clash of views was well illustrated by the decision of the Assembly to set up a Commission to investigate the public passenger transport service and to postpone the taking over of the Singapore Traction Company, while 4 days later the City Council recommended that the S.T.C. should be taken over at once.

INDUSTRIAL PROGRESS OF JAPAN

Keeping pace with the industrial circles of the advanced countries in Europe and America which are rapidly adopting "automation" in almost every field of industry, the Japanese industrial circles too are now eager to promote automation. At present they have just stepped out of the embryonic stage as far as the fields of steel, petroleum, chemistry, and cement industries, are concerned. The extent to which automation is adopted is very small in comparison with that of advanced countries (Automation mentioned here means a mechanization of human brains). There remain a few questions peculiar to Japanese industry to be settled for further pushing through on a large scale:—

(1) Automation does not always bring a lowering of costs by a reduction of personnel expenditure and by a decrease in the amount of operational process, and its effect is limited to the improvement of the quality of the products; in the present circumstances in which the general demand for products is comparatively small, working power is excessive, and wages are cheap. (2) Therefore, although automation

may be adopted by such industries as the chemical, cement, and petroleum which require a highly difficult operation in the process of production and the control of quality, yet the adoption of automation in other industries such as machinery or cotton spinning causes a lot of problems regarding the disposal of the excess working power and the enlargement of demand etc.

The principal instances of automation adopted by the Japanese industry are stated here:— (A) The Toyo Koatsu K.K. (The Toyo Koatsu Industries Co.) has recently equipped ammonium sulfate saturators with automatic centrifugal separators which take the place of vacuum filters, vacuum pumps, and rotary dryers, in the process of separating and drying, by which it can produce more homogeneous ammonium sulfate than ever before, and also save 20% of the personnel and a great deal of loss of the raw materials. (B) The Nisshin Seiyu K.K. (The Nisshin Oil Mills Co.) has been adopting automation for the process of decomposition, purification and deodorization of raw oil by equipping the factory

THE RECENT CONDITION OF THE JAPANESE SHIPBUILDING INDUSTRY

Foreword

With its wartime expanded capacity left intact without any war devastation, the Japanese shipbuilding industry of the postwar period, in order to maintain its operations, should have advanced into the field of constructing export ships, besides building ships under planned shipbuilding programs, but no appreciable progress along this line was made throughout the postwar period, except during the Korean boom in fiscal 1951. Since fiscal 1954, however, there has been an upsurge in the volume of export ship orders.

What were the factors responsible for such brisk ship exports since fiscal 1954? We shall in this article dwell on the recent condition of the Japanese shipbuilding industry, with particular reference to this point.

Growing Briskness of Ship Exports

The Japanese shipbuilding industry, having nearly completed by the spring of 1954 the construction of

with automatical arrangements such as continuous decomposition, distillation, and deodorization. Either of these arrangements prove of good service in reducing the personnel and power expenses and in improving the quality of the product and the labour efficiency, to a great extent, and yet does little in lowering the cost of the product as the raw material expense comprises a large portion of the cost. The Nippon Yushi K.K. is equipped with a similar deodorization arrangement at the Oji factory; the Mitsuwa soap manufacturing K.K. completed the establishment of automatic production method of soap last summer.

(C) The Nitto Kagaku K.K. (The Nitto Chemical Co.) has an automatic equipment producing 40 tons of methyleamine a month, which enables one person to operate the whole process; from ammonium and methanole to synthesis, in a single instrument room. For instance in the case of increasing the amount of methanole, a valve will open automatically if he only sets the hand of the fluid meter to the figure required. (D) The Kawasaki Seitetsu (The Kawasaki Steel Corporation) is operating a general controller for conveying the raw materials and has an automatic thermostat for the hot blast furnace and the open hearth furnace, which can partially be called a human brain. (E) The Nippon Cement Co. has automatic arrangements for each process of production, and besides it is conducting a remote control operation with collected controllers. For instance, (1) a blending machine works automatically when a standard amount is fixed in the blending of raw materials, (2) a cement pulverizer judges the pulverized condition of cement from the sound it utters and automatically adjusts the amount of cement clod to be thrown in, (3) a moderator works automatically in accordance with the conveying condition of the conveyer when cement is dropped in, by which it can save 50% of the operating personnel who have hitherto been employed. (F) The Mitsui Kinyoku Kogyo K.K. (The Mitsui Mining and Smelting Co.) is now planning to make it possible to adjust automatically the amount of the water and the zinc ore to be thrown into the ball mill in the process of dressing, which is a question of long standing of the mining industries of the world.

— Nagayoshi Murata

ships scheduled under the ninth shipbuilding program, was virtually thrown into a crisis of all-round idleness during the June-October period by the prolonged delay in the implementation of the tenth shipbuilding program.

With the turn of November 1954, however, the industry, till then in the grip of the slump, regained vitality all at once, thanks to the conclusion of an increasing number of export ship contracts. Under the situation prevailing since last autumn, much importance has been attached to the promotion of ship exports not only from the shipbuilding policy but also from the standpoint of operation of the shipbuilding enterprise, but such a substantial volume of orders received by Japanese shipbuilders has been far greater than what had been generally expected.

As can be noted from Table I showing the postwar trend of volume of export ship contracts, Japanese shipyards obtained in fiscal 1954 (up to December 1954) export contracts for 37 ships aggregating 416,000 G/T, a postwar record high for any single fiscal year. Moreover, a little short of 80% of this aggregate tonnage was contracted for after October, especially in November. During this single month contracts for 225,000 G/T were obtained by Japanese shipbuilders, which closely equalled the 233,000 G/T contracted for during entire fiscal 1951, till then the peak record of export ship contracts concluded in any single fiscal year.

From Table II showing the export of ships by types in fiscal 1954, it is noted that, as in fiscal 1953, tankers accounted for an overwhelming percentage (76.1%), plainly indicating that tankers constituted the major item of export ships. According to Table III showing the export of ships by destinations in fiscal 1954, the United States, Panama and Liberia together accounted for an overwhelming percentage (84.1%), and this trend has remained unchanged throughout the postwar period. As the bulk of orders received from both Panama and Liberia appear to have originated from foreign shipping firms directly or indirectly controlled by American capital, it can be said that ship exports from Japan were virtually all destined for the United States.

Factors in the Ship Export Boom

The following factors, domestic and overseas, may be cited as responsible for such ship export boom in Japan:

(A) Domestic Market Factor—Pressure on Exports.

The deterioration of the operating rate of the shipbuilding industry during the period from about June to October 1954 was the worst ever since the Government's planned shipbuilding got well under way. Directly responsible for this situation was the delay in the commencement of construction of ships under the tenth shipbuilding program. Whereas in all the preceding shipbuilding programs, as shown in Table IV, construction of ships under each succeeding program had been started at an interval corresponding to the period of five to six months, or eight months at the longest, required between the commencement of shipbuilding and the launching of ships so as to keep the building slips from lying idle, there was a vacuum of as long as fourteen months between the second phase of the ninth shipbuilding program and the tenth shipbuilding program.

TABLE I
TREND OF EXPORT SHIP CONTRACTS
CONCLUDED BY JAPANESE SHIPBUILDING COMPANIES

Fiscal year	No. of ships	Gross tonnage
1948	16	61,960
1949	13	38,580
1950	32	50,827
1951	233	232,755
1952	21	44,997
1953	13	165,180
1954 (April-December)	37	415,680
Postwar total	365	1,009,979

Source: Shipbuilding Section, Ministry of Transportation.

Be that as it may, the delay in the commencement of construction under the tenth planned shipbuilding program immediately jeopardized shipbuilding operations. While this fact reflected the heavy dependence of the Japanese shipbuilding industry on planned shipbuilding for its operations, on the other hand this phenomenon was related to the narrowness of the market, a basic problem confronting the postwar Japanese shipbuilding industry. In view of the fact that, though the demand for the construction of warships has ceased to exist after the war, the wartime expanded shipbuilding capacity, which had sustained only slight damage during the war years, has been retained intact even in the postwar period, it may be said that instability of operations has been a feature of the Japanese shipbuilding industry in the postwar period.

Besides the rough sailing of the tenth shipbuilding program, which exposed in very bold relief the characteristics of the Japanese shipbuilding industry, there was a substantial reduction in construction tonnage from the previous annual base tonnage of 300,000 G/T to 154,000 G/T under the impact of the Government's deflationary policy. With respect to the warships for the Defense Board, orders for fiscal 1953 and 1954 were placed in November 1954 for the first time in the postwar period, but their tonnage, being only some 60,000 G/T in terms of merchant ships, was not sufficient to make up for the decrease in the tonnage under planned shipbuilding, with the result that the domestic market for ships was as a whole forced to level down. Apart from about 220,000 G/T of freighters now scheduled for construction under planned shipbuilding, not much expectation can be placed on the construction of naval vessels and the expansion of shipbuilding orders in fiscal 1955 and subsequent fiscal years. It follows that the situation has come to such a pass that the Japanese shipbuilding industry cannot "live at ease" by dependence on the domestic market demand alone.

Under such condition, it is quite natural that stress has been laid on the promotion of ship exports not merely from the viewpoint of export promotion but also from the standpoint of shipbuilding policy and the operation of the shipbuilding enterprise. Herein can be found the ground for the sharp increase in export ship contracts concluded in the autumn of 1954.

(B) Domestic System Factor—Law Prices of Export Ships under the Ship-Sugar Link System.

Frankly speaking, it appears that the key to the increase in export ships lay in the low prices of Japan-built ships. In this respect, a contributing role was played by the ship-sugar link system also, which linked crude sugar imports to ship exports in order to make possible some reduction in ship prices with a view to correcting their higher level in Japan. Since, however, persistent efforts have been made toward the rationalization of the industry during the last several years to reduce ship construction cost, the drop in ship prices cannot be attributed solely to this link system.

In view of the absence of a close relationship with overseas shipowners on account of locational and historical factors, Japanese shipbuilders have had to offer attractive terms in respect to prices so as to induce overseas demand. It appears that the principal factor in boosting export ships was their low prices, which were made possible by rationalization and partly by the link system.

(C) Overseas Factor I—Worldwide Increased Demand for New Ships to Replace Old Ones.

Of the total bottoms of the world as of June 30, 1953, so-called superannuated ships consisting of wartime-built and prewar-built ships totalled more than 49,000,000 G/T, accounting for over 52% of the total bottoms. The composition of tankers by ship ages shows that superannuated ships totalled over 8,700,000 G/T, accounting for 40% of the total tankers of the world. Although exact figures are not available for freighters, the percentage of superannuated freighters, estimated to be as high as about 60%, seems to be far higher than that of superannuated tankers.

Judging from these facts, a considerable part of the bottoms of the world have already reached the stage where they require replacement. Especially, in view of the demand for crack craft created by intensified competition since 1953, there appears to be a very persistent demand

TABLE II
JAPANESE EXPORTS OF SHIPS BY TYPES

	1 9 5 3			Breakdown			1 9 5 4			Breakdown		
	No. of ships	Gross tonnage	Percent	Destination	No. of ships	Gross tonnage	No. of ships	Gross tonnage	Percent	Destination	No. of ships	Gross tonnage
Tankers	7	142,200	86.1	Liberia	3	63,500	16	317,400	76.4	Denmark	2	25,000
				Panama	3	66,000				Netherlands	1	2,300
				Finland	1	12,700				Panama	4	73,900
										U. S. A.	6	155,200
										Liberia	2	42,600
										Turkey	1	13,500
Freighters	5	22,980	13.9	Brazil	2	8,400	20	97,900	23.6	Sweden	1	4,500
				Indonesia	2	13,600				Hongkong	2	7,200
				Ryukyu	1	980				Panama	10	56,450
										Turkey	5	13,350
										Liberia	2	16,400
Others	0	0	—			0	1	380	—	Thailand		
Total	12	165,180	100				37	415,680	100			

Notes: 1. Besides the above ships exported in 1953, there was a 150-ton non-self-navigating floating crane (tonnage is unknown) exported to Korea.
2. Passenger-cargo ships and ore-carriers are included among the freighters exported in 1954. The ship exported to Thailand was a navy schoolship. Orders placed by the National Bulk Carrier Co. with the Kure Shipyard are not included.

Source: Ministry of Transportation.

for new ships to replace superannuated ones.* The fact that the percentage of superannuated freighters is larger than that of superannuated tankers leads us to expect that a large proportion of the future replacement demand will be for freighters. More specifically, attention should be paid to the question of how much replacement will be made of the Liberty-type wartime standard vessels (7,000-G/T type) aggregating 10,000,000 G/T.

TABLE III
JAPANESE EXPORTS OF SHIPS BY DESTINATIONS

Continent	Destination	April- December 1954	Percentage against total	Postwar total up to fiscal 1954 inclusive	Percentage against total
		G/T	%	G/T	%
North America	U.S.A.	155,200	37.3	155,200	15.4
	Panama	135,350	32.6	294,720	29.2
	Liberia*	58,900	14.2	272,130	26.9
	Sub-total	349,450	84.1	722,050	71.5
South America	Brazil	0	0	24,920	2.5
	Norway	0	0	17,160	1.7
Europe	U.K.	0	0	35,300	3.5
	France	0	0	12,100	1.2
	Netherlands	2,300	0.6	2,300	0.2
	Denmark	25,000	6.0	79,000	7.8
	Sweden	4,500	1.1	4,500	0.4
	Finland	0	0	12,700	1.3
	Greece	0	0	13,000	1.3
	Sub-total	31,800	7.7	176,060	17.4
Southeast Asia	Turkey	26,850	6.5	26,850	2.6
	Goa	0	0	1,415	0.1
	Pakistan	0	0	36	(—)
	India	0	0	3,000	0.3
	Burma	0	0	3,610	0.4
	Indonesia	0	0	13,600	1.3
	Thailand	380	0.1	4,744	0.5
	French Indochina	0	0	864	0.1
	Philippines	0	0	23,080	2.3
	Hongkong	7,200	1.7	7,200	0.7
	Korea	0	0	0	0
	Sub-total	34,430	8.3	84,349	8.3
Others	Ryukyu	0	0	1,660	0.2
	U.S. Army	0	0	940	0.1
	Sub-total	0	0	2,600	0.3
	Total	415,680	100	1,009,979	100

* Liberia, though located on the Atlantic coast of Africa, is included, for convenience sake, in the section for "North America" because, as a matter of fact, a large part of her orders, along with Panama's, came from shipping companies controlled by American capital.

Sources: Economic Counsel Board and Ministry of Transportation.

Therefore, it appears correct to judge that the greater part of the recent demand for bottoms is intended for replacement of superannuated ships, and it is thought that such a large volume of orders for ships, chiefly tankers, has poured into the hands of Japanese shipbuilders under the attraction of low ship prices in Japan.

(D) Overseas Factor II—Improvement of the Freight Market.

It is self-evident that the shipbuilding demand is basically influenced by the favorable and unfavorable conditions of the freight market. In this sense, the improvement since about September 1954 of the freight market on the routes centering around the Atlantic Ocean, though still trifling to serve as a factor to back up the overseas demand for bottoms, cannot be ignored.

* The percentage of replacement of the world's bottoms has increased as follows:

July 1950—June 1951	19.8%
July 1951—June 1952	20.0%
July 1952—June 1953	32.9%
$\frac{\text{Tonnage of ships completed each year}}{\text{Tonnage of ships completed each year}} = \frac{\text{Net increase in tonnage each year}}{\text{Tonnage of ships replaced each year}}$	
Percentage of replacement =	

The British Chamber of Shipping index for the tramp market of the world (1952 = 100) rose in November 1954 to 110.4, surpassing the average level in 1952, when there still remained the aftermath of the Korean war, and rising some 50% over January 1954. With respect to the factor responsible for the improvement of the tramp market, many people attribute it to the general expansion of international trade, and there is a brighter future prospect for it than ever, although it is impossible to forecast what course the freight market will take because of a possible change in the economic, political or military situation.

Be that as it may, the recent improvement of the freight market, which had continued dull for the past couple of years, has reinforced this public sentiment that the market had touched the bottom and has induced at the same time the shipowners of the world to construct more bottoms. It may be said that these two factors operated to steady the demand for Japan-built bottoms which can be provided at a relatively low cost and on early delivery terms.

Generally speaking, the foregoing various factors were behind the brisk export of ships from Japan. Although they seemed to have operated in a composite way, the weight of importance of each of the respective factors, if taken separately, was quite different. Be that as it may, it seems appropriate to seek the major cause for it in the lower prices and the earlier delivery of Japan-built ships than those of ships built in other countries. The demand induced by these factors, coupled with the general sentiment that the freight market had touched the bottom, abruptly turned into effective demand in anticipation of the abolition of the link system. Herein lies the reason why the demand last autumn is reported to have been of a more or less speculative nature.

Present Condition of the Industry

We shall examine the effect of the substantial volume of export ship orders on the Japanese shipbuilding industry.

TABLE IV
GROSS TONNAGE OF SHIPS CONSTRUCTED IN JAPAN
UNDER PLANNED SHIPBUILDING PROGRAMS

Construction started	Shipbuilding program	Gross tonnage
January 1951	Sixth	170,000
March "	Sixth (additional)	72,000
May "	Seventh, first phase	204,000
January 1952	Seventh, second phase	118,000
February "	Seventh, second phase (additional)	52,000
August "	Eighth, first phase	266,000
November "	Eighth (additional)	51,000
April 1953	Ninth, first phase	90,000
November 1954	Ninth, second phase	210,000
September "	Tenth	154,000

Source: Industrial Bank of Japan.

For the operating rate of the industry, let us take the case of 57 building slips capable of building ships of 5,000 G/T or over. Whereas the average monthly number of building slips in operation was 43 in 1951, 36 in 1952 and 22 in 1953 (average for the three years was 33), the average for 1954 sharply decreased from the peak of 23 in February to six in June-September and to only five in October. With the commencement in November of the construction of ships under the tenth shipbuilding program, however, the average recovered to 23. Thanks to a large volume of export ship orders in November, the average for the subsequent period further improved, rising to 30 in the period from the end of 1954 through January 1955, thus recovering at last to the level of the last three years. To be sure, there is no denying the fact that the export ship orders, receipt of which coincided with the construction of ships under the tenth shipbuilding program, had the effect of a wonder drug on the Japanese shipbuilding industry, which

can now expect comparatively brisk activity up to mid-1955. In the wake of this brisk activity, labor employment in the industry has somewhat improved by the employment of chiefly temporary employees, whereas during the period from the end of 1953 through October 1954 the industry had discharged some 8,000 employees (including forced layoffs).

Such a situation as compared with the previous idle capacity indicates improvement in the underlying situation, but it has within itself various elements which render the present situation unsatisfactory if each shipyard is considered separately and if the volume and amount of orders are compared with the preceding year's or the present international level.

Firstly, by shipyards, there are distinctly bright and dark sides. The situation of the medium and small shipyards has not improved in the least as they are not able to share in the demand for export ships and domestic ships.

Secondly, the volume of construction orders received in 1954 was 19% above 1953 in tonnage, with a large increase in export ship orders, which more than offset the decrease in domestic ship orders. However, there was a 'drop of 15% in value owing to the decline in the unit value—a drop of 14-15% in the case of medium-speed freighters under the tenth shipbuilding program and of about 16% in the case of export tankers of 12,000 G/T or over.

TABLE V

TOTAL BOTTOMS AND EXPORT SHIPS LAUNCHED IN 1955
IN THE PRINCIPAL SHIPBUILDING COUNTRIES

Country	Total bottoms launched (A) (1,000 G/T)	Of which export ships (B) (1,000 G/T)	Percentage against world's total bottoms launched %	Percentage against world's total export ship volume %	Export ratio (B/A)
World's total	5,096	1,728	100	100	33.9
U.K.	1,317	365	25.8	21.1	28
Sweden	485	243	9.5	14.1	50
West Germany	818	364	16.1	21.1	44
U.S.A.	528	106	10.4	6.1	20
Netherlands	341	184	6.7	10.6	54
Japan	557	203	10.9	11.7	36
France	235	94	4.6	5.4	40
Norway	118	2	2.3	0.1	2
Denmark ..	142	45	2.8	2.6	32
Italy	262	18	5.1	1.0	7

Sources: (1) Lloyd's Register (1,000 G/T or over) for total launched bottoms of the world and respective countries.

(2) Lloyd's Shipping Statistics for total export ships of the world.

(3) The breakdown of export ships of the countries other than Japan, U.K. and West Germany represents approximate figures obtained by reverse operation of the export ratios given in data compiled by the Ministry of Transportation.

Thirdly, comparison between Japan and other countries of the world with respect to the volume of orders shows that in 1953 Japan accounted for 10.9% of the total world tonnage of ships launched and 11.7% of the total world tonnage of export ships, showing roughly corresponding percentages (see Table V). In other words, if the tonnage of ships launched in the respective countries corresponds to their respective shipbuilding capacity, it may be said that Japanese shipyards are participating in the export ship market of the world at a ratio corresponding to her shipbuilding capacity. However, whereas as of July 1954 the principal shipbuilding countries of the world, except the United States and Italy, had on hand backlogs equal to over one year's capacity, with the United Kingdom, the Netherlands, France and Norway having backlogs equal to more than three years' capacity, Japan had backlogs equal to only 0.8 year's capacity. Even at the end of 1954, by which time Japanese shipyards had received a substantial volume of export ship orders, the estimated volume of back-

logs was barely equal to one year's capacity. On the other hand, the small volume of orders held by Japanese shipyards has given them the advantage of being able to make earlier delivery of ships than other countries.

Future Problems

With the current volume of orders alone, it is likely that Japanese shipbuilders now enjoying a boom will be beset again with idle capacity. As a means of staving off such idleness, they are urged to make redoubled efforts toward export promotion.

On the basis of the volume of orders for domestic ships and export ships held as of the end of 1954, the Ministry of Transportation estimates the operation of building ships as follows:

After September 1955 there will be a re-emergence of exactly the same situation as that prevailed in the second half of 1954, when Japanese shipbuilders seriously suffered from idle capacity. It is said that even those large shipyards which have done flourishing business, thanks chiefly to the substantial volume of demand for export ships, cannot help being confronted again with idle capacity within a year, not to speak of the continuance of the plight of medium and small shipyards, which, so to speak, remain in the shade. If, as stated already, the expansion of the domestic market cannot be expected in the future, there is no alternative but to find in the export ship market the way to avert instability of operations.

However, besides the abolition in November 1954 of the link system, the recent firming up of the iron and steel market cannot be overlooked as a factor responsible for the sharp upturn in ship prices. Since even the profitability of ship exports last year cannot be said to have been unqualifiedly satisfactory, it is open to question whether the industry will be able to absorb, by paring down the profit margin alone, the increase in cost resulting from the abolition of the link system and from the rise in the price of steel.

While it is true that the improvement of the freight market is a plus factor in bettering the export situation, it seems too much to anticipate that the present extent of improvement in the market is sufficient to offset fully the factors responsible for the sharp rise in the cost of ships.

Then, what should be done to check rising cost?

Roughly speaking, there are two ways to check the increase in cost namely, (1) absorption of the increase by the industry itself, and (2) receipt of government subsidy. The former concerns the problem of rationalization. In this respect, considerable results were achieved during 1950-53. The spread between Japanese and foreign ship prices was lessened by overcoming the handicap of higher Japanese prices of steel and machinery, but hereafter it is impossible to expect rationalization to produce such a wide-range effect, because it is difficult to effect a fundamental reduction in cost unless an overall industrial policy is established in view of the fact that this industry, being by nature a composite industry, is after all regulated by the general technical level of the machinery industry. Since this problem cannot be solved by the efforts of the shipbuilding industry alone and since the promotion of ship exports is necessary as a means of not only improving the balance of payments position of Japan but also forestalling by stabilization of operations the occurrence of undesirable social problems, the need is felt for the continuation of some extent of government aid. Generally speaking, government aid, whatever its form may be, should be based on a policy designed to complement the efforts on the part of the shipbuilding industry itself. Although the granting of excessive aid is likely to diminish the incentives of shipbuilders, the granting of some extent of

TABLE VI
PRINCIPAL SHIPBUILDING COMPANIES OF JAPAN

Name of company	Issued capital (¥1 million)	Location of shipyard	Principal products and operations	Receipts (¥1 million) (April 1953 through March 1954)
Mitsubishi Zosen K.K.	2,800	Nagasaki, Hiroshima and Shimomoseki	Ships, marine engines, textile machinery, mining machinery and machine tools	14,075
Hitachi Zosen K.K.	3,160	Sakurajima (Osaka), Innohima (Osaka) and Mukaijima (Hiroshima)	Ships, iron structures and various kinds of machinery	11,808
Kawasaki Jukogyo K.K. ..	2,240	Kobe	Ships, naval vessels and land and marine engines	9,544
K.K. Harima Zosenjo	1,000	Aioi (Hyogo Pref.)	Ships, naval vessels, land and marine engines and civil engineering and construction machinery	9,390
Mitsui Zosen K.K.	1,120	Tamano (Okayama Pref.)	Ships, naval vessels, land and marine engines, chemical machinery, mining machinery and vehicles	8,484
Shin Mitsubishi Jukoyo K.K.	5,600	Kobe	Ships, naval vessels, land and marine engines, railway rolling stock, automobiles and aircraft	8,030
Uraga Dock K.K.	1,000	Yokohama (Kanagawa Pref.)	Ships, naval vessels and land and marine engines	7,293
Mitsubishi Nippon Jukogyo K.K.	3,000	Yokohama	Ships, naval vessels, land and marine engines, automobiles and various kinds of machinery	7,166
Nippon Kokan K.K.	5,000	Yokohama	Iron and ships	6,903
Ishikawajima Jukogyo K.K.	1,300	Tokyo	Ships, naval vessels, marine engines, civil engineering machinery and chemical machinery	3,880
Nagoya Zosen K.K.	35	Nagoya	Ships, marine engines and bridges	3,001
Hakodate Dock K.K.	270	Hakodate (Hokkaido)	Ships, naval vessels and marine engines	2,143
K.K. Fujinagata Zosenjo ..	260	Osaka	Ships, naval vessels, and land and marine engines	1,472
Sasebo Sempaku Kogyo K.K.	520	Sasebo (Nagasaki Pref.)	Ships, naval vessels, various kinds of machinery and cast and forged products	1,464
K.K. Namura Zosenjo ..	60	Osaka	Ships and marine engines	1,181
Sanoyasu Dock K.K.	80	Osaka	Ships, land and marine engines and salvaging	1,102
Iino Jukogyo K.K.	45	Maizuru (Kyoto Pref.)	Ships, naval vessels, marine engines, vehicles and salvaging	980
K.K. Osaka Zosenjo	11	Osaka	Ships, marine engines, chemical machinery and mining machinery	548

Note: Receipts represent shipbuilding and repairing charges only.
Source: Industrial Bank of Japan.

government aid is considered unavoidable for retaining international competitive power, in view of the fact that even in the shipbuilding countries of Europe aid is being given to the shipbuilding industry, particularly with respect to the cost and financing of export ships.

As to the recent trend of demand for ships, the demand has been centered on tankers, which may be regarded as a worldwide trend. The reasons for this trend are: (1) tankers of the world are becoming superannuated, (2) there is a worldwide trend toward the construction of large-type tankers and (3) orders for tankers are being placed irrespective of whether the demand and supply is balanced or not, since about 45% of the tankers of the world are owned by oil companies and governments. At any rate, in point of the superannuation of bottoms, the demand for the replacement of freighters should be larger than that for the re-

placement of tankers, and this point cannot be passed over in estimating the changes in the future demand.

The above points are problems relating to the future export of ships. But in any case, some measures for checking the soaring of construction cost should be taken to promote ship exports in view of the fact that ship exports have been most strongly influenced by construction cost included among the factors which propped up the export boom of last autumn. Along with the necessity of taking this step, it goes without saying that the Japanese shipbuilding industry should do its utmost toward enlightening the world about its shipbuilding capacity and technical know-how, which in the prewar period built a maritime fleet ranking third in the world.

Incidentally, an outline of the principal Japanese shipbuilding companies is shown in Table VI.

PRESENT STATUS OF JAPAN'S COMMUNIST PARTY

By Nagayoshi Murata

Internationally, it seems at present as if the Communists turned their radical armed revolution policy into what we call "peaceful offensive tactics." Then what about the recent trend of the Japanese Communist party? It is now five years since the nine members of the Central Committee of the Communist party hid themselves, ignoring the attendance order of the authorities, immediately after they were purged under the direction of G.H.Q. Although four of them have been arrested since, nothing whatever has been heard of the biggest two, Mr. Tokuda, secretary-general of the party, and Mr. Nozaka, top member of the Central Committee. However, Mr. Yoshio Shiga, ex-member of the

Central Committee, who was elected a member of the Diet at the general election this April, declared before the election as he appeared in public out of a long underground movement (he had been hiding too, despite the fact that the attendance order was not issued against him) that the Japan Communist party will abandon the radical revolution policy by force and re-start as a lawful political party.

The Bureau of Public Safety which has been gathering information on the present situation and the recent trend of the Communist party, submitted recently a report, under the title of "the present situation of the Japan Communist party," to the Diet. This report speaks in detail of the fundamental

character, the strategy and the tactics of the armed revolution, the theoretical controversy, and the real power of the communist party.

The following is a summary of the report.

(1) The change of the revolution policy

Though they have become milder, it never means that the communists have abandoned the revolution policy by force; according to the Akahata (the red flag = the paper of their organization) dated the 1st January 1955, they made it clear that they would abandon their ultra left radical policy and emphasized the rightness of their "new principle". Further "The Zenai" (the magazine of their organization) of January this year urged them to make efforts to realize "the new principle"; the new principle is the one decided at their fifth national conference held in October 1951 after "the revolution policy in peace" of Mr. Nozaka had been severely criticized by the Cominform, which clearly provides that the Japan Communist party shall adopt the policy of revolution by force. On the other hand, their subordination to international communism is being intensified. They have conspicuously lost their independence, having submitted themselves, under the pretext of international solidarity, to the direction by the communist parties of the Soviet and China. This is also seen in the change of their revolution policy mentioned later.

The Japanese Communists have become so mild because they thought that it would be the best way for them to gain time, accumulate power, and demoralize the enemy in the present situation, in which their radical revolutionary activity means a mere waste of their energy. In short, the reason is that they merely pretend to be mild just as tactics in the fading period of the revolution, their isolation having been proved by the severe criticism and the opposition of the masses against their violent activities. It is needless to say that they will turn their pretended mildness into violence as

should not take the revolution policy such as in colonies and dependencies. This is quite contradictory to Mr. Tokuda's above mentioned standpoint. Accordingly, this change of their policy was entirely due to the international direction of the Soviet. And thereby, while they abandoned the radical policy to resort to force from the beginning, they had to undertake a capitalist country type revolution policy. A long period of revolutionary struggle at the lawful stage is now foreseen.

(3) The Elastic Mass activity

The total number of members of labour unions in Japan amounts to 6 million, over 40% of the total number of employees; this is more than the average level in comparison with advanced countries in Europe. The change in the communist tactics to the labour unions is remarkable. They now shun such activity as radically agitating the masses under political slogans, and guide them so that they may take voluntary action, adopting elastic tactics so as not to cause a split of unions instead of forcing them to such methods as assembling, demonstrating, and striking. As regards the problem of organization, they not only abandon such an idea as the collection of all the labour unions into the Sohyo (the General Council of Japan Labour Unions; the largest group of labour unions), but try to establish organization among workers emphasizing the advantage of joint action on concrete problems, and of united action by inter-unions of each industry, without hastening the systematic joining of the unions as a whole.

(4) Their real power

The real power of the Japan Communist party, with regard to the number of party members and its composition by class, would be:— The number of party members and of sympathizers has hitherto been regarded as 100,000 for the former and 200,000 for the latter; for the present the former is about 60,000 and the latter seems to remain static.

Composition	professional members	regular labourers	casual labourers	officials clerks	commercial and free enterprises	students	those who engage in agriculture, forestry and fishery	the rest
100%	5%	16.9%	5.9%	12.9%	14.5%	3%	20.8%	21%

soon as they have obtained self-confidence in the struggle against the "Japan and America reactionary force".

(2) The theoretical controversy behind the change of the policy

We cannot overlook the fact that a great theoretical controversy forms the background to their change of attitude. It relates to the way in which they think about the present situation of Japan and how they could decide on a new revolution policy. Subsequent to the Cominform's criticism on the character of the revolution and the present situation of Japan in January 1950, Mr. Tokuda recognized, in the paper of the Cominform dated 15th Feb. 1951, that Japan is a dependency of America, and further provided that the revolution policy in Japan should be such as in colonies and dependencies, referring to Stalin's theory that revolution in the capitalistic country should be severely distinguished from such in colonies and dependencies. (According to Stalin, the struggle in colonies and dependencies mainly consists of violent activity such as the formation of the people's liberation army, the establishment of action bases, and the deployment of the guerrilla). All radical and violent actions in their struggle were based on this thesis. But they had to undertake a complete change in it since Mr. Stalin made clear in his thesis in Oct. 1952 that Japan is neither a colony nor a dependency but will develop as a capitalist country. Agreeing with this Stalin thesis, Mr. Shiga stated in the May issue of the "Sakai" that Japan

The fact that the above table shows that the number of labourers regarded as the proletariat is smaller than expected, and those classes regarded as the bourgeoisie or the intelligentsia such as enterprises, clerks, and officials occupies a considerable part deserve a great deal of attention by the communist party which poses as the front defense of the proletariat.

The number of the party organs by class:—

Central Committee	regional committee	prefectural committee	district committee	city committee	country committee	cell	the rest
1	10	45	237	80	117	5,783	11

The professional party members belonging to these organs are about 3,000 out of 60,000 party members.

The financial state of the party:— The majority (30%—70%) of the income is made up of donations and borrowings, and the majority (30%—70%) of the disbursement is made up of travel and personnel expenses; the payment of party dues is bad.

Finally, as regards the official papers, there are 37 kinds, all of which are published in Tokyo. The Akahata (daily) is said to have about 90,000 copies in circulation, and "For Peace and Independence" (weekly magazine) has about 3,000 copies.

ECONOMIC LETTER FROM TOKYO

The budget bill for fiscal 1955 as revised by the House of Representatives passed the House of Councillors on July 1. The budget as is now approved authorizes expenditures of ¥991,457 million, the revenues being estimated at the same amount after the tax reduction planned of ¥39,400 million. Because of the forced delay in submitting the budget bill to the Diet, the Government has had provisional budgets passed for April to June in the meantime.

According to the monthly economic report for June prepared by the Economic Counsel Board, prices in this country during the May-June period indicated a further fall in continuation of the trend in recent months, the price index at mid-June dropping to 146.8 (on pre-Korean war basis). It is the lowest since the deflationary policy was put into effect in the autumn of 1953. Meanwhile, the production index for April stood at 174.2 (1934-36 av. = 100); which, though 2.0% lower than the previous month, was 3.7% higher than a year ago, showing production still remaining high. Signs are not wanting in some quarters, however, of a curtailment of production, because of the sluggish exports and the stalemate in domestic consumption. Employment during April increased by 1.2% in succession to March, owing largely to employment of new school graduates. But, the month's level of employment was 2.8% lower than the corresponding month of last year. Our international accounts for May resulted in a deficit balance of \$1,300,000 with receipts amounting to \$195 million and payments \$196 million. It is mainly attributable to decreases in the procurements by the U.S. forces in Japan and in other invisible trade incomes.

According to the Ministry of International Trade and Industry, the activity in manufacturing industries showed no let-up in May, but has maintained the high level since last March. In mining, however, the output of metals declined rather sharply from April owing to the strikes, while coal remained about the same. The combined mining and manufacturing production index for May continued high at 196.1 (1950 av. = 100).

While some fears are entertained in the business circles of the recurrence of speculative expansion of equipment or

of the inventory investments, influenced by the inflationary trend of the fiscal 1955 budget through revision made by the Diet to the Government proposed bill, bankers see the situation differently. They say many of the businessmen continue a negative attitude in anticipation of a weakening in prices in future, and not only new demand for equipment or operating funds is slowing down, but there is even a tendency of late for some better situated business concerns to repay bank-loans to be relieved of the interest burden.

The Japan Industrial Structure Research Institute, headed by Ichiro Nakayama of Hitotsubashi University of Commerce, recently announced results of its studies for recommendation to the Government. Should the recommended measures for the improvement of industrial structure be adopted and the investment plan therefore be carried into effect, the Institute believes that after seven years (1) Japan's trade balance will see an improvement of \$900 million (as compared with 1954) and foreign trade will be balanced at around the \$2,600 million level, (2) production will be upped by 26% in agriculture, forestry and fishery, 47% in mining and manufacturing, by 60% in electric power and 49% in gas, and (3) employment will increase by a total of 4,150,000 in all fields of industry.

The Japan Spinner's Association report on domestic cotton goods consumption for 1954 disclosed (1) that, in comparison with 1953, the total consumption rose, while the per-capita consumption rate declined from the population increase; (2) that demands for synthetic fiber goods increased markedly, but cotton goods consumption was still behind the pre-war level. The per-capita net supply of textiles as a whole declined by 0.17 lb. with cotton and wool particularly falling, although synthetic fibers and linen goods showed an increase.

Japan Federation of Trade Unions (with 400,000 members) decided at its executive committee meeting to take a positive part in the productivity increase campaign launched by Japan Productivity Center. This may create a stir in the future labor movements, for the General Council of Trade Unions of Japan as well as many other unions have rejected joining hands in the campaign.

RAW MATERIALS FOR NEW PHILIPPINE INDUSTRIES

By Dr. Jose J. Mirasol

To all appearances the Philippines' growth has so reached a point that national life can no longer be sustained healthily with a predominantly agricultural economy. The yearly increase of our population is outstripping the available means of livelihood, resulting in continuous enlarging of the legions of unemployed. The old established agricultural industries cannot absorb any more of the new crops of farm hands. Farm operators are resorting to mechanization to reduce the cost of production and thus enable them to survive in a situation of low prices for their produce and high prices for producers goods. But mechanization is in turn driving many old farm hands into the camp of unemployment.

It is believed, and with good reasons too, that the time is coming, and not in far distant future either, when public lands for agricultural exploitation will not be able

to accommodate all the earnest would-be tillers of the soil. Indeed, unquestionably we have reached a stage in our national economic life that demands the creation of more opportunities and means of livelihood to meet the requirements of an ever increasing population. The time for more extensive industrialization has come to provide work for all willing hands.

The seriousness of unemployment and underemployment has so gripped the conscience of a responsible national administration that a committee among its top advisers was created to study the problem and recommend measures for its solution.

The press has brought the glad tidings that the committee chairmanned by Agriculture Secretary Salvador Araneta has rendered its report, recommending that the

government float a loan in the amount of P2,000,000,000 for industrial development enterprises that could absorb unemployed labor, accompanied by necessary pieces of enabling legislation.

In certain quarters, fear amounting to opposition to the project, is expressed that the borrowed fund if invested in properly, well-directed and well-managed self-liquidating new industries—and there are great possibilities of such industries—there is no danger of disastrous consequences.

Whatever would be the fate of this plan, whether it would suddenly flop just as it suddenly rose as an emergency measure to solve a very serious national problem, national efforts to go on with industrialization must continue in any way or form, small or large scale or both.

Under any program of industrial development, the most sound policy should emphasize the use of local products as basic raw materials for the industries, old as well as new. The utilization of these raw materials for new industries will enable old agricultural industries like coconut, rice, sugar, abaca, tobacco, etc. to expand further thus creating opportunities for the unemployed to work. Likewise, the new industries thus established and developed from these raw materials would also give employment to labor.

Research on the utilization of agricultural by-products and crop residues are already numerous abroad, and at home. Some of these have already passed beyond the pilot stage. So that all that we need to do here is to follow them up and ascertain whether our available local raw material is suitable for industrial development projects, and whether it would pay to industrialize this material. By-products and residues of our major crops—coconut, abaca, rice, sugar, corn and tobacco are all potentially rich sources of raw material for new industries in the Philippines.

And in addition to by-products and residues, the very main agricultural products themselves constitute an enormous supply of raw material for new industries. Take the nut of the coco palm. From its water, meat, shell and husks many new products can be prepared. Then take sugar. Recently reports from the Sugar Research Foundation announced that soaps and detergents, foods, plastics, fiber and lubricants, and other products can be manufactured. Again from sugar, chemicals of industrial value such as sucrose octa-acetate, manitol, sorbitol and levulinic and itaconic acids can be produced.

These agricultural industries as great sources of raw material for new industries are already well established and the utilization of their products for new industries would enable them to expand and provide more work for the unemployed. But our efforts for the establishment of new industries should not be confined in material available from the old well-established agricultural industries. We should extend them to other farm crops little known among our entrepreneurs, but with great possibilities for development in two directions—expansion of the production of the crops themselves and establishment of new industries with their products as basic raw material.

Of such crops we may mention, corn, cotton and soybean.

Corn is the number two cereal crop in the country. Its main use is food although recently it had become the basic material for the growing starch manufacturing industry. But besides starch new uses have been found for corn, among them the production of zein, a protein which can be used for the production of industrial fiber comparable with fibers prepared from other protein materials. This same protein, has wide industrial use in shellac, printing inks and adhesive.

The possibilities of cotton growing in the country for purposes other than textile manufacture should be looked into also.

The Soybean

Most of us know it only as food and as the raw material for Tausi, for soybean paste, for soybean sauce, and for soybean powder all of which we are importing. But soybean is not only valuable as food, but also as a basic raw material for new industries. H. T. Nerrick of the Bureau of Agricultural and Industrial Chemistry of the United States Department of Agriculture reports that "norepal," a rubber substitute which played an important part in the early days of the last global war before synthetic rubber could be produced in large scale is produced from soybean. And so is "Norelac," a thermoplastic resin which finds uses as a "heat-sealing and water-proof coating for paper and food packing."

But what should really interest us in the soybean beside its value as food, is the oil that can be extracted from it and the benefits that the country will derive from its development as one of our important crops.

The oil of the soybean according to Mr. Nerrick "lies midway between the more commonly used food oils and the so-called paint oils," and that "There are great possibilities in both directions." This means that the properties of soybean oil for food purposes, as for industrial uses can be improved to enable it to compete with other oils in their particular fields. This undoubtedly is a matter of varietal problem, and breeding will play a great role in the solution of the desired quality of soybean oil for food purposes and for industrial uses.

According to Mr. Pedro Rodrigo of our Bureau of Plant Industry, some varieties of soybean fare well under Philippine conditions in as far south as Sulu and as far north as the Cagayan Valley. The legume can be grown successfully as a rainy or a dry season crop.

Soybean is an easy crop to raise. It grows on both acid and sweet soils, but responds well to liming. It is rapid growing hay and food crop; fits well in rotation with corn and rice, has a beneficial loosening effect on tight, heavy textured soils. If the beans are sold and the straw is returned to the land, it adds nitrogen to the soil.

The development of this apparently insignificant farm crop in the Philippines will positively redound to the benefit of the economy of the farmers, big and small, and of the whole country in general. Being an easy crop to raise it fits very well with small as well as big farming operations. It will give additional cash to farmers who would make it part of their cropping scheme. According to figures from the Bureau of Census and Statistics during 1952, 1953 and the first six months of 1954, about P4,000,000 worth of soybean and soybean preparations entered the country. If soybeans production is encouraged and developed here this outgo of dollars could be prevented, and the food industries arising from it would give the unemployed work.

There is now one factory for soybean sauce, and another for soyalac in Manila. Both factories are using imported soybeans for their raw material. If we were raising soybeans here enough to supply the needs of these factories, many thousand dollars could have been kept in the country. In addition, more factories might have been established to give work to the unemployed.

During the same period we imported P665,546 worth of oils which could be substituted with oils extracted from soybean, and save that much in dollar equivalent to the country.

Again, during the same period, we imported P5,719,552 worth of mixed paint alone. A news item in the newspaper recently reported that the manager of a corporation importing paint has protested to President Magsaysay against the

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ECONOMIC LETTER FROM MANILA

May developments showed no substantial changes from business conditions obtaining the month previous. Philippine international reserves continued to decline notwithstanding the slight increase noted in dollar receipts from exports. Staple products featured varied trends; copra and coconut oil were weak while sugar was firm and rice steady. Due to moderate increases in retail prices of selected essential commodities, the over-all cost of living index gained by 3.1 points from the level prevailing the month previous and the purchasing power of the peso declined slightly.

Highlights of developments during the month were: Cost of Living: The over-all price index advanced by 3.1 points from the April level. Food items pushed ahead by 5.6 points, with rice, fish and vegetables reaching new highs for the year. Clothing eased off fractionally, while miscellaneous items at 264.4 per cent established a new low in five years. The purchasing power of the peso weakened in May to 0.3257 points, off 0.0034 point from April.

The all-items index for retail prices of selected commodities rose moderately to 93.0 per cent in May, up 0.6 point from April. Price indices for several items reflected mixed trends. Food items climbed 1.1 points from 87.0 per cent in April. Construction materials recovered to 94.1 per cent. Declines were registered in the items for beverages and tobacco and household supplies and equipment. Fuel and school supplies were unchanged. The over-all wholesale price index for export products for May established a record low at 87.1 per cent, off 8.7 points from the start of the year. While the index for export foodstuffs advanced 2.0 points from April, beverages and tobacco suffered a 0.5 point drop from the previous month. Crude materials also declined to 79.7 per cent. The wholesale price index for imported commodities dipped to 117.4 per cent in Manila, off 0.3 from April. While imported manufactured goods index advanced nominally to 109.8 per cent, the other composite items of the index were on the decline.

International Reserves: The slight increase in dollar proceeds from exports failed to bolster the international reserves position in May which slipped to \$239.88 million. Net foreign exchange holdings of other banks receded to \$49.21 million, off \$9.42 million from April, while Central Bank reserves improved to \$190.67 million, up \$2.52 million from the previous month. At the start of the year, the total reserves of the country stood at \$266.65 million or \$26.77 million more than the level in May.

Staple products featured varied trends. Copra and coconut oil were weak, but sugar was firm. Rice was steady but hemp showed mixed trends, the average price slightly improved by a few centavos. Copra in Manila averaged only at P25.83 per 100 kilos in May, the lowest since October, 1952.

Trading at the Manila Stock Exchange continued to reflect vigorous tendencies. The volume and value of shares traded were three times better than those recorded at the start of the year. The gold industry, however, appeared gloomy. Local free market quotations for gold dropped to P95.50 per fine ounce and still without takers. During the latter part of May, sales were consummated on a subsidy basis.

Building construction in Manila slowed down its tempo reflecting the rainy months ahead. Permits issued totalled only 406, valued at P4.05 million.

HONGKONG NOTES

A BUSY WEEK FOR MR. LENNOX-BOYD

At a last minute Press conference just before his departure for Singapore last Sunday, the Secretary of State for the Colonies announced that H.M. the Queen had approved the extension of the Governor of Hongkong, Sir Alexander Grantham's term of office for a further two years. On the eve of his departure, the Secretary, at another Press conference, stated that it is unlikely that there will be any sweeping constitutional reform in the near future or that Hongkong will be given Dominion status. As to the embargo situation, Mr. Lennox-Boyd said that the embargo should be reviewed constantly and, as the international situation improved, should be readjusted or altered. The Secretary had special praise for the Public Works Department. "I do not believe there is any other Public Works Department anywhere in the world which has more cause to be proud than in Hongkong for the astonishing, dynamic and resilient way in which they have coped with the problems which has confronted them, problems which have confronted no other Public Works Department anywhere in the world." He also praised Hongkong for its remarkable switch to industry when its entrepot trade was sorely hit by the embargo. He advised local manufacturers to maintain a high standard and to follow the best traditions of their profession. By doing so they would secure overseas markets and maintain harmonious relations with them which, together with tranquillity in the Far East, was Hongkong's most urgent need.

After visiting three Kowloon factories, the Secretary commented, "There is little doubt that a large section of Hongkong industry is organized on modern up-to-date lines, providing good labour conditions and well-paid employment." On the conflict of interests between local and British manufacturers, Mr. Lennox-Boyd advised that patience, calmness and unreadiness to exaggerate should produce a solution that would appear satisfactory to all concerned. At the reception at the Peninsula Hotel given by leading members of the Chinese community in his honour, the Secretary stated, "We in Britain have watched with

respect and amazement the calm and courageous way in which the community in Hongkong has faced up to such unexpected difficulties and the splendid way in which the manufactory enterprises have given employment which might otherwise have been lost in the entrepot trade." Accompanied by Lady Patricia, Mr. Lennox-Boyd visited several squatter resettlement areas. He remarked after examining a model of the whole project in Kowloon, "In England, we have heard a great deal about the memorable work of resettlement and I wanted to see it for myself. Frankly I confess I had not realised it was on the magnificent scale I have just seen. It is one of the most stupendous achievements I have ever seen. All who are responsible for it must feel very proud indeed at this really creative and rewarding work. I cannot remember ever being more impressed by anything in my life."

During his brief stay Mr. Lennox-Boyd and his party also toured the Island of Hongkong and the Kowloon Peninsula reaching as far as the border village of Shataukok; visited Hongkong University, Tsan Yuk Hospital, schools and social welfare centres; inspected the Aberdeen Fish Market, Tai Lam Chung Project, and Sookunpoo Stadium; paid respects to the dead at Sai Wan Military Cemetery; and received local industrialists, financiers, businessmen, government officials and leaders of various institutions. Over Radio Hongkong the Secretary explained that the object of his visit was to enable him to convey to the Queen and Parliament, up-to-date eye-witness information about Hongkong's most important problems: the need for more reservoirs, medical services, schools, technical training, for the enlargement of Kai Tak Airport, for housing refugees, for fair treatment of Hongkong's industrial products, and so on. He then commented, "In view of the magnitude of these problems, and the fact that most of them are peculiar to Hongkong and unlike anything that can be found elsewhere, I am particularly glad to have had this opportunity of coming here myself, supplementing what I hope was already a fairly accurate impression of Hongkong by the all-important evidence that can only be produced by seeing for oneself. Hongkong's problems have to be seen in the light of one simple but staggering fact. A few years ago, due to an influx of refugees, the population more than doubled in less than twelve months. It is almost impossible—even, I think, for people in Hongkong itself—to take stock of this extraordinary event. One has only to think of what would have happened had London, with its population of about ten millions, found itself in less than a year trying to find living room for twenty million. Even with the best of governments and the most responsible and orderly of people, the result could hardly have been anything other than chaos. Yet an increase of population on this scale was what took place in Hongkong in 1949, and although the experience was extremely uncomfortable, producing appalling housing conditions and a desperate inadequacy of hospital accommodation, schools, water and other public services, the result has been very far from chaotic. Hongkong has absorbed this amazing infusion of population, and has since striven tirelessly to assimilate it, and provide for it the best conditions that are possible in the circumstances. Shortly after this there occurred the embargo on the export of strategic goods to China. In conformity with its obligations to the United Nations, Hongkong has made a determined and fully

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ban on the importation of paint on the ground that there is no other oil except lumbang oil which can be used for local production of paint and that the supply of such oil is on a very small scale; and that as a result of the ban, there is unemployment of a great number of labourers.

If we produce here oil for paint from the soybean, there could not be any protest of the kind, and unemployment could be reduced.

Our agriculturists Torres and Unite of the Economic Garden of the Bureau of Plant Industry have reported recently the successful breeding of soybeans. This success should be followed up with more extensive breeding work in order to find as quickly as possible strains that would suit the different agricultural conditions in the country.

I believe soybean has a future in the economy—both agricultural and industrial—of our country. Let us have it in our economic development program. The Department of Agriculture and Natural Resources should take a decided step toward implementing it. Let the soybean have its day in the Philippines!

successful effort to apply this embargo. But, because the Colony depends on entrepot trade, this effort has only been made by grievous sacrifice, producing serious unemployment, the closure of many businesses, and a drying-up of trade which has reduced profits and increased competition to levels which are a threat to the livelihood and well-being of the entire community. Yet—and this is what has impressed me most during my brief stay here—instead of interpreting all this as a threat to its existence, Hongkong has accepted it as a challenge to its well-known ingenuity and resilience. Wherever I have looked in these last few days I have seen new buildings going up, in town and country. I have visited new and well-run factories that would be a credit to any country. I have seen vast tenement housing estates erected on the sites of what were only a few months ago indescribable squatter slums. I have seen a great newly-opened hospital in the centre of the city, and plans for more hospitals to come. I have watched men at work on the gigantic Tai Lam Chung Reservoir. I have been to Hay Ling Island, in the New Territories, to see the remarkable work being carried out there in the treatment and cure of leprosy. And all the time I have heard of still more expansion, of reclamations, of a City Hall, of a University increasing in intellectual stature, of the airport that will accommodate every type of jet and turbo-jet aircraft, of more factories, of wider markets for Hongkong goods.

"All this astonishing activity reflects the greatest credit on the Government and people of Hongkong, for rising to a most difficult occasion. But it reflects particular credit on the hundreds of men and women of all races and nationalities who, as private individuals or as members of voluntary organisations, unselfishly devote so much of their resources and energy to the public welfare. On one side we have the munificent gifts made by the Hongkong Jockey Club for hospitals and recreation facilities; on another, the interest-free loans and grants made to New Territories farmers by the Kadoorie Agricultural Aid Association; on yet another the promised contribution of \$1 million by the Chinese Manufacturers' Union towards putting up a new Technical College. There seems in fact to be no human activity which is not penetrated and sustained by this admirable spirit of public service. Without this help, the Government could not have done what it has. Without this help, these years of crisis in Hongkong's affairs could not have been so successfully surmounted. And I am sure none of us will ever forget those in the Armed Forces whose presence here guarantees the secure foundation for all this vast civic progress. And finally let me add my own personal tribute to those I have heard on all hands during my stay here to your Governor and his charming lady. Sir Alexander Grantham has led the people of this Colony, through all their trials and difficulties, from strength to strength in eight years of wise and imaginative administration. I know in what trust and affection you all hold him and I would like you to know that I personally and Her Majesty's Government share your own feelings towards him."

MEMORANDUMS SUBMITTED TO MR. LENNOX-BOYD

On the question of Urban Council reform, the Reform Club opined that there should be a Municipal Council for Hongkong and Kowloon, elected along lines of the present provisions in the new Urban Council Ordinance with an elected Chairman designated Mayor and its own municipal servants. This Council should have control of its own revenue either by being empowered to raise its own revenue from rates and licence fees or by way of an annual block grant. The Reform Club said in the memorandum that no

legitimate excuse could be found for the fact that Hongkong is totally without elected representation in the Legislative and Executive Councils. The electorate should also be increased. The memorandum also emphasized that there should be more schools, more facilities for both in and out-patients, and better service in sewerage disposal and slum clearance.

The Hongkong Civic Association presented following views: (1) Sweeping reforms of a constitutional nature could lead to consequences which would be harmful to the economic and political stability of Hongkong. There should be, however, some moderate changes—the Legislative Council should have two elected members; the Urban Council should have two additional elected members; a New Territories District Council should be established; the immigration policy should be more strict so that maximum stability of population can be obtained; and the educational facilities should be expanded to enable all Chinese children here to learn English as well as Chinese. (2) The Military Authorities should return to La Salle College the school building which was requisitioned in 1949 and converted into an Army Hospital. (3) Hongkong should participate in the Colombo Plan. (4) Capital projects of permanent value to the Colony should be financed by utilizing reserves and loan expenditure. (5) The Colonial Development Corporation should invest in a Building Society in Hongkong and should cooperate with local capital in the establishment of an industrial bank. (6) The monopoly system of rice trade should be abolished. (7) The Commercial Crimes Department of Hongkong Police should be reorganized and expanded so that it can properly investigate allegations which are causing a slur on the reputation of Hongkong Products.

The Chinese General Chamber of Commerce sent a letter to the Secretary of State for the Colonies urging him (1) to extend the term of office of the Governor of Hongkong; and (2) to petition to HM Government to approach the United Nations immediately to lift the trade embargo.

ELECTRICITY FOR LANTAO

The China Light and Power Co. Ltd. is planning to supply electric light and power to Lantao island from the Company's main station and relay to Lantao by submarine cable. Work on this project will begin as soon as the necessary equipment arrives. This \$1 million scheme will take from six to nine months to complete. Previously the only electricity available in Lantao was at Tai O, where a small company operated, and at various private homes, farms, establishments and institutions where small generators had been installed. China Light has now bought over the Tai O electricity company.

NEW BUILDING PROJECTS

The Po Hing Theatre on Nathan Road in Kowloon is now being demolished and a 12-storey building will be erected on the site. The new building will cost \$2 million and will be the tallest building in Kowloon with a height of 125 feet. It will include a modern cinema, a restaurant, a ballroom, and apartments. At West Point, 240 flats will be completed before the end of this year for the Chinese staff in Government service. A similar project has begun in Kowloon at Hung Hom. At North Point a new, de-luxe night club is now being planned. It will probably be established in the Empire Theatre Building.

JARDINE'S CHINA BRANCHES

All the branches of Jardine, Matheson and Company Limited in China which had a history of 120 years in that country, have been liquidated and transferred to the Chinese

authorities, according to Mr. Thomas Beesley, Resident-Director of the Shanghai office. He arrived here last week. The firm had interests in 14 major Chinese cities and ports. The branch offices in Hankow, Foochow, Tientsin and other cities had been liquidated at different periods and the Shanghai office, the last to be liquidated, was transferred to the State Enterprise, a Government-owned concern, just before Mr. Beesley's departure from China.

THE POPULATION OF HONGKONG

Mr. E. F. Szczepanik, Lecturer in Economics, University of Hongkong, pointed out at the public meeting of the Civic Association last week that since 1946 there had not been any serious effort to calculate the size of Hongkong's population. The existing estimates contained a very grave error committed in 1949. Attempts to correct these estimates had not been, so far, successful because of the insufficiency of data and because of a wrong method of approach. Unjustified assumptions were being made that the birth rate in Hongkong was equal to that in Singapore, Taiwan, Tientsin, etc. The most common estimate for 1954 put the population figure at 2.5 million. This was also the number found in the latest Government Annual Report. However, in this same report the number of births and the birth rate resulted in a population number equal to 2,276,000. The Hongkong Exporter and Far Eastern Importer estimated the population for 1954 at 2.75 million. Some individual estimates which had recently appeared in the local press admitted that the population in 1954 could be as low as 1.93 million. All these estimates led to erroneous conclusions which either

contradicted basic principles of demography or were in conflict with the well known facts about the population movements between China and Hongkong during the last ten years. The speaker disclosed that he had discovered a new method of approach. The main feature consisted in taking into account the infant mortality rate during a five-year period and in the calculation of the number of children below the age of five in each particular year. After further comparisons Mr. Szczepanik constructed the changes in the Colony's population for the period 1949-1954. Demographic structure resulting from the series facilitated, in turn, a fairly accurate estimate for 1947 and 1948. Several checks concerning the birth rate, death rate, migration, age and sex structure, etc. were subsequently made which all confirmed that this new method produced the most plausible results which satisfactorily explained the known facts about Hongkong's population movements.

Mr. Szczepanik's analysis showed that last summer the Colony's population was about 2,120,000 and it was growing at the rate of about three per cent per annum. Immigration had almost completely stopped since 1953-1954. Assuming that this trend continued in 1954-1955 (which was confirmed by the births and deaths statistics for the first half of 1955), it was possible to estimate the population of the Colony in the summer of 1955 at about 2,185,000. This estimate could not be taken as completely correct but the margin of error contained in it was much less than in any other available estimates. The true size of the population could only be obtained from a census. In the meantime, it would be highly desirable to carry out at least a sample survey of age and sex structure of the Colony's population on the lines employed in 1949 and in 1954.

HONGKONG'S NEW AIRPORT PROJECT

By M. J. Muspratt-Williams, Director of Civil Aviation

Hongkong Airport, which is known all over the world by the name of Kai Tak, has grown during the past 30 years from a grass area of approximately 400 yards by 300 yards to an area of 398 acres with two paved runways and a large paved terminal area. During the period 1924/41, more and more land was acquired to cater for the increasing operational requirements of aircraft, and by the outbreak of the second World War, the area of the Airport was four times that of 1924. During the Japanese occupation, the Airport was further enlarged, and with the forced labour of prisoners of war, the two paved runways were built. At the cessation of war, the Airport was a heap of war-devastated material, but the Hongkong Government rapidly rehabilitated the area. In 1949, the main paved runway was extended by a further 200 yards. As early as 1946 Government appreciated that the Airport would be inadequate for regular major airline operations of the future. In the following year a mission of airport development experts from the Air Ministry examined two or three possible sites, and work actually started on one site in 1948 but was later discontinued when certain difficulties were encountered. In 1949/1950 the Department of Civil Aviation investigated the possibilities of expanding the present airport and a scheme was drawn up and submitted to the then Ministry of Civil Aviation. In 1951 a mission from the Ministry of Transport and Civil Aviation discussed the proposals with the local Civil Aviation authorities. The mission submitted what is now known as the Broadbent Report. Meanwhile, aircraft manufacturers and British Overseas Airways released more definite details of the operational characteristics of the jet transport aircraft and in order to meet the new requirements, completely new proposals were submitted by the Department of Civil Aviation in 1953. After much consideration a new conception for Kai Tak improvements, which came to be known as Scheme "D", was submitted.

This scheme, however, had to be modified, particularly on runway length and promontory width to reduce the cost of an acceptable figure, and the modified Scheme "D" was finally approved. Subsequently, after a further review of expected civil and military traffic, it was decided to incorporate a taxiway parallel to the main runway connecting the terminal area and the south-east extremity of the runway.

The final layout of the modified Scheme "D" consists of a promontory 800 feet wide and 8,300 feet in length, containing a 7,200 feet paved runway, with prepared overruns of 300 feet at the south-east end, and 600 feet at the north-west and with a taxiway 60 feet wide parallel to the runway. The whole of this part, consisting of about 150 acres, will be on a consolidated reclamation from the sea. The terminal area consists of a parking area, a maintenance area and a new terminal building designed for further extension, if necessary, on some nine acres of additional reclaimed land. The runway, taxiways and hard standings will be stressed to take aircraft with an all-up weight of 250,000 pounds and the runway promontory will be 17 feet higher than the average high water level. The flow control will provide for 10 movements per hour of 100-seater aircraft, and to cater for specific requirements of transit passengers. Freight and mail will be provided for on a similar basis. Bulk fuel storage for all types of aviation gasoline and jet fuels will be fed to parking bays by high pressure underground pipe lines. The runway, taxiway, approach and lead-in lighting systems will be up to full International standards. The runway will be suitable for day and night operations. Useability throughout the year should be of the order of 94 per cent.

Existing hills in the northwest approach to the main runway will be demolished to provide a one-in-forty clear-

HONGKONG SOCIOLOGICAL CONDITIONS

Hongkong's fortunes have traditionally depended upon its status as an entrepot, a great free port through which the manufactures of the West have been exchanged for the raw materials of the East. Its population in the past increased as trade boomed but when trading conditions were less favourable, large numbers returned to their villages in the neighbouring provinces of South China. Owing to existing political conditions neither factor is wholly operative today. The entrepot trade has been severely curtailed by the United Nations' embargo on exports of strategic goods to China and the population contains a large refugee element, which prefers to face economic hardship in Hongkong rather than return to the mainland of China.

Since the normal factors which used to maintain the Colony's population in economic balance have been disturbed, it is no longer possible to maintain the traditional freedom of movement between Hongkong and China and, for the time being, there is a greater measure of stability in the population. Its exaggerated size, however, taxes the resources of Government to the utmost and causes problems in all spheres of administration. Water supplies, housing, hospital and educational facilities are obvious examples. Without immigration control the gap between needs and resources would have been far wider. As things are, it is extremely fortunate for Hongkong that the pattern of its entrepot trade had already started to change even before the refugee influx had reached its peak. Imports now consist to a large extent of raw materials for local

industry which are processed and then re-exported. A quarter of the Colony's export trade is made up of local manufactures. The rapid post-war growth of Hongkong industry has thus enabled a large part of the new population to find employment and to become absorbed into Hongkong's economic life.

The population is concentrated to an overwhelming extent in the urban areas, that is to say, in the comparatively narrow strip along the northern shore of Hongkong Island and on the mainland between the Kowloon hills and the sea. Land within this area which is suitable for new development for housing or industry is extremely scarce and sizeable areas are only obtainable by reclamation of the sea bed or by costly and extensive levelling involving sometimes the removal of rocky hillsides.

The needs of the urban population for fresh food cannot be met locally, except in respect of salt water fish, but an increasing proportion of the fresh vegetables, meat poultry and eggs consumed is now produced within the Colony. Farmers and fishermen have been encouraged to expand production through the efforts of the Wholesale Vegetable and Fish Marketing Organizations and the development of co-operatives is expanding. The Department of Agriculture, Fisheries and Forestry gives valuable technical advice and assistance to the farming and fishing communities and its activities have contributed in large measure to the prosperity of the rural areas.

Migration for employment is necessarily on a very small scale owing to immigration restrictions throughout South East Asia and elsewhere, most countries being unwilling to accept Chinese immigrants as permanent settlers. Taiwan has only absorbed comparatively small numbers of refugees and the main source of external employment is found in British North Borneo, Brunei and Sarawak, where the services of skilled and semi-skilled workers on contract are in considerable demand for construction work or in the oil-fields. During the period under review 1,403 workers left the Colony under officially approved contracts for work overseas. Except in a very few cases, these men were not accompanied by their families. 803 went to Brunei, 265 to British North Borneo and 25 to Sarawak. Singapore took 154 and 93 went to the British Phosphate Commission in Nauru and Ocean Island. Towards the end of the period under review a Labour Officer visited Nauru, Ocean Island and the headquarters of the British Phosphate Commission in Melbourne to study the conditions under which Chinese recruited by this concern were working and to discuss possible modifications in their contracts of employment with the Commission. A similar visit was paid to the installations of the British Malayan Petroleum Co. Ltd. in Brunei and Sarawak, where numbers of workers recruited from Hongkong are employed.

—Extract from the Annual Report of Hongkong Labour Department.

UNEMPLOYMENT IN HONGKONG

The time has now come for tackling the problem of unemployment in Hongkong, according to the Hongkong Civic Association. Up till a few months ago, the border was open and Hongkong's population fluctuated from day to day. It was impossible to deal effectively with this

thorny question whilst millions of unemployed were free to journey here at any time. The situation is now different. We now have a population nearly as static as that of Singapore, where a Labour Exchange has been functioning successfully for some time.

Our citizens of Chinese race are mostly fatalists and the risk of unemployment is one which has been accepted down the centuries in China, as one of the hazards of existence. Strong family sense has taken away some of its worst consequences. When one member of a family loses his job, the brothers, sisters, cousins, aunts and uncles rally round to make certain that their unfortunate relative does not starve. Uncle who owns a shop will find his nephew work there in exchange for a regular bowl of rice, even though he is already employing far more people than his business needs. But this family support is not always available in Hongkong. In many cases, poverty has overtaken a whole family so that it can no longer manage to support its jobless members.

The hawker problem is largely a manifestation of unemployment. Despite the competition of other hawkers and the restrictions placed upon them by law, the man and his wife who are out of work will do their best to acquire something to sell in order to keep the wolf from barking too noisily at the door. The Civic Association welcomes Government's recent relaxation of its hawker laws which now permit a much larger number than before to carry on their trade in a lawful manner. But this is not enough, and cannot be considered a substantial effort to tackle the unemployment question.

The step which we urge should now be taken is for Government to compile a register of those who are seeking work. It would not be necessary to establish a new Government department to do this since the task could be done quite effectively by the Social Welfare Office with the added advantage that those who are in obvious need could

be given a free issue of rice. It should not be possible in a British Colony for starvation to occur through lack of money, and registration of the unemployed would help to maintain a link between the Social Welfare Office and those most genuinely in need of help.

What could be achieved by registration of the unemployed? Clearly it would not create jobs. It could not be called a Labour Exchange since there would presumably be thousands of names on the register and only a handful of vacancies. It would, however, be a step in the right direction. Registration might not at first be popular and it would almost certainly be abused by many who would conceal that they had jobs in the hope of getting something better. These difficulties would need to be met, but to make them the excuse for doing nothing is to adopt a purely negative outlook. The plain fact is that Government does not know, and has not the means of knowing, how many unemployed there are in Hongkong today. We know how many fish are caught each day, how many pigs are killed, but we do not know how many human beings are in need of employment, and this slur on our reputation must be removed.

Once the unemployment register has been established steps will need to be taken to ensure that use is made of it by employers. Government can set the lead by drawing from the pool itself as far as possible. The Employers Federation, Chinese Manufacturers' Union, and the Chambers of Commerce, would all be invited to encourage use by their members of the Unemployment Register. In this connection, it would be necessary to curb the practice in some concerns, whereby vacancies are filled by Number One clerks or foremen who take a "private fee" from each new employee. This medieval practice should be outlawed.

HONGKONG'S TOURIST TRADE

Time and time again visitors to the Colony have deplored the fact that their itinerary permitted them only a few hours in Hongkong. The blending of the truly Oriental with ruthless up-to-date efficiency is most marked in Hongkong, according to the local Civic Association. We have modern buildings, airconditioning, a galaxy of neon-lighting, a business-like ferry service—with possibly a cross harbour tunnel to come—a busy airport, an efficient police force, the latest models of British and American automobiles. But against this 20th century background we hear the guttural cries of coolies padding by barefooted with heavy baskets slung from bamboo poles on their shoulders—the method of transport unchanged throughout the ages.

Hongkong is a tourist's paradise but what are we doing to publicise our tourist attractions overseas? Practically nothing! Statistics reveal that in a recent twelve months' period almost 180,000 people visited Hongkong. It is true that a very high proportion were American service personnel but nevertheless they were visitors to our Colony. It is conservatively estimated these visitors spent something approaching HK\$150 million during their stay here. On this basis, the volume of business in tourism ranks second only to the textile industry.

The money spent by tourists is used not only for accommodation expenses, but also to cover tour charges and the cost of new clothing. Additional revenue is gained by

local purchases of souvenirs. If ways and means can be found to increase the number of visitors to our shores then it will not be long before the income derived from the tourist trade is doubled, and one of the results will be an improvement in the general standard of living of our citizens.

What is required to increase this tourist income? The main necessities are obvious: (1) Bigger and better hotels—the leading hotels have only a limited capacity with a high percentage of permanent residents. (2) The elimination of visa difficulties. In certain cases the length of time taken to secure a visa kills any enthusiasm to visit Hongkong. (3) Luxury limousines for touring the Island of Hongkong and the New Territories should be available on hire. Additionally, the latest style coaches to carry larger groups of tourists are required and luxury launches to make tours round the Island with visits to Aberdeen and other points of interest. (4) Possibly the most urgent item of all is the need for more overseas publicity.

There have been talks at various levels about the formation of a Hongkong Tourist Association and the time is now ripe to press for the establishment of such an organisation. This Association should be the distributing centre for the right kind of information on a world-wide basis. Posters, booklets, pamphlets and even films should be sent overseas. Only in this way can we hope to increase this vital invisible export and really put Hongkong on the tourist map.

RESETTLEMENT OF SQUATTERS IN HONGKONG

During the period April 1 to June 30, 1955, over 14,000 squatters and 3,000 fire victims were resettled. According to the Commissioner for Resettlement, the population of resettlement areas and estates has reached a total of 143,643. Only one building was completed during the quarter, but detailed plans were approved and funds voted for the construction of 25 additional 7-storey buildings to house nearly 70,000 persons. These buildings will be erected in the following areas: (a) 12 buildings at Li Cheng Uk, between the Castle Peak and Taipo Roads; (b) 3 buildings at Shek Kip Mei to rehouse the fire victims now living in the temporary two-storey and three-storey structures erected immediately after the fire; (c) 6 additional buildings in the Tai Hang Tung area; and (d) 4 buildings in Hung Hom. Most of these buildings will be completed before May 1956. When this programme is completed at least one-tenth of Hongkong's urban population will be living in resettlement areas or estates, and the great majority of these settlers will be the direct tenants of Government. Most of these people are of the labouring class and they will, for the first time since the Japanese war, be able to occupy decent accommodation at a rent which they can afford. The control and administration of resettlement estates housing some 80,000 people represented a very heavy responsibility. The Urban Council has established a Committee to advise on all matters of policy affecting these administrative problems as well as to exercise the relevant statutory powers. Ground-floor rooms were converted into shops, each measuring 240 square feet and let at a rent of \$100 a month to persons who had kept shops in squatter areas. On the other hand the enforcement of the law relating to hawkers and street-trading presented great difficulty. A good deal of attention was devoted to the improvement of the general cleanliness, hygiene and sanitation of the estates.

There was an increase in the population of temporary resettlement areas at Chuk Yuen and Ngau Tau Kok. In the Soo Kun Poo area the first of eighty cottages built by

a committee representing the Methodist Churches of the United Kingdom and the United States were occupied by settlers from the Grampian Road squatter area. The foundation stone of a new Catholic primary school was laid at Chuk Yuen and a new clinic was opened at Homantin by the Sisters of the Maryknoll Mission.

POPULATION IN RESETTLEMENT AREAS

Areas	Population as at 30.6.55			
	Male	Female	Children	Total
Hongkong				
Chai Wan	3,407	3,158	4,285	10,850
Fu Tau Wat	376	418	590	1,384
Healthy Village	256	273	315	844
Soo Kun Poo	505	532	761	1,798
Mt. Davis	517	586	596	1,699
Hongkong Totals	5,061	4,967	6,547	16,575
Kowloon & New Territories				
Ngau Tau Kok	1,373	884	1,190	3,447
Chuk Yuen	2,501	2,066	2,159	6,726
Tung Tau	1,772	1,793	1,937	5,502
Shek Shan	174	144	218	536
Homantin & King's Park	7,927	8,031	10,289	26,247
Tai Hang Sai	802	778	926	2,506
Tai Hang Tung	8,355	6,791	6,270	21,416
Shek Kip Mei	18,763	16,716	18,570	54,049
Li Cheng Uk	1,572	1,312	1,332	4,216
Lai Chi Kok	329	440	476	1,245
Tsun Wan	497	363	318	1,178
Kowloon & New Territories Totals ..	44,065	39,318	43,685	127,068
Grand Totals	49,126	44,285	50,232	143,643

DEVELOPMENTS IN MINING IN HONGKONG

Measures taken for the control of mining and of the sale of minerals were continued during last financial year, according to the HK Labour Department. Illicit mining ceased completely, since the fall in world market prices of wolfram ore, of which Hongkong has extensive outcrops, rendered such activities unremunerative. Final drafts of the new Mining Bill and of the necessary Mining Regulations and Mines Safety Regulations were prepared for discussion with the Legal Department. Temporary Mining Licences for a period of six months continued to be issued in the meantime. Considerable interest was shown in mining and once the new legislation is in force, sufficient capital should be forthcoming for development on a more permanent basis. For example, an iron ore dressing plant with a capacity of 700 tons per day was under construction in Japan for installation in the Colony under agreement with Japanese mining interests, who intend to erect a second unit of similar capacity if the first is successful.

On 31st March, 1954, four Mining Lots held under pre-war leases were being worked and there were in addition fifteen Temporary Mining Licences in force. Holders

of four of the latter modified the extent of the mining areas held under their original applications and two licences changed hands during the year.

Royalty charged on the production of all mineral ores amounts to 5% of the overseas contract price or local market value if sold within the Colony.

Production of concentrates for the period 1st April, 1953 to 31st March, 1954, was:—

Clay (Kaolin)	6,113.75 tons
Iron (Fe 49.7%)	106,150.00 tons
Lead (Pb. 49.991%)	907.29 tons
Graphite (80% fixed carbon content)	520.00 tons
Wolfram (Wo3 65%)	226,867.67 lbs.
Molybdenum	3,263.20 lbs.

The production of iron ore decreased slightly during the year in consequence of a change-over from open cast to underground methods of mining. The output of wolfram declined in sympathy with world market prices. Clay deposits were worked more extensively and a new graphite mine which shows promise of good development came into production for the first time towards the close of the year.

FINANCE & COMMERCE

TRADE AND INVESTMENTS IN SOUTH EAST ASIA

The economic problems of the countries of South East Asia and the Far East have been the subject of more discussions and studies than usual during recent months.

The meetings of the Economic Commission for Asia and the Far East of the U.N.O. and its commissions, at Hongkong in January and at Tokyo in March, the big conferences which took place at New-Delhi and Bandung in April last and the recent Congress of the International Chamber of Commerce in Tokyo in May have brought into prominence the growing importance of the problems of South East Asia within the orbit of international policies.

In this part of the world, containing more than half the population of the globe, radical changes have taken place following the second world war. From being colonial or semi-dependent countries, these South-East Asian lands have for the most part become independent. It follows that the nature of the links with other countries have also changed and the officials of the countries of this region have not failed to point out that on the economic plane, as well as on the political plane, new relations should correspond with the new situation. The discussions which have taken place during these various meetings have emphasised this aspect in the sphere of trade.

South East Asia is known to possess great natural resources and manpower of which only a small part is utilised, still with very limited rewards. The craft character of industrial and agricultural production is the fundamental reason for this and the very low income per head, the consequence. India is an instance, where the annual consumption of power per head is 0.11 ton while that of the United States is 8 tons, of Great Britain 4.5 tons and France 2.3 tons, and the annual consumption per head of steel is 5 kilos, against 624 kgs in the United States, 322 kgs in Great Britain and 198 kgs in France.

That is why one of the essential problems of this region is not only to increase investments in the means of production but to direct these investments in such a way as to ensure an even development of the economy.

According to the last E.C.A.F.E. Report the investment needs of these countries to maintain the present living standards of a growing population would be 4.8 milliard dollars per year. On the assumption—moderate enough—of an increased revenue per capita of 2% which, in 35 years would bring the average revenue from 100—200 dollars, (against 800 in Great Britain and 1,900 in the United States) investment needs would amount to 10.8 milliard dollars per year. If, according to these same estimates, the present amount of investment is around 3 milliard dollars per year, it can be understood why the income per head of the Asian population, instead of rising, is to-day on an average lower than before the war.

It should be noted that the present flow of investment is two-thirds from national sources and one-third from abroad. The latter has been granted in particular by the United States through the Foreign Operations Administration and Point Four, long-term loans from the Export-Import Bank, the granting of surplus products, special as-

sistance for certain countries and military orders; also by the Commonwealth through the Colombo Plan and other organisations; by the Soviet Union through credits to China, India and Afghanistan; finally by other international organisations like the International Bank for Reconstruction, International Monetary Fund, etc.

To solve the basic problem of substantially increased investments Asia must turn either to its internal resources or to foreign countries. Of course internal sources are strongly influenced by different factors; for example, military expenses for certain countries of South East Asia have impeded possibilities of investment. The report on the economic situation in Asia and the Far East published in February, 1955 by E.C.A.F.E. notes, however, that in several countries the bulk of investments for some years now have surpassed the sum of defence expenditure. At the same time, the price levels of certain raw materials and foodstuffs which constitute for most of the South East Asian countries the decisive part of their exports condition not only the volume of imports of production equipment and consumer goods, but also the profits of local enterprises interested in production and commerce, which in turn reacts on national taxes and savings.

On the other hand, the unlimited import of foreign products in competition with the national products, in addition to the lack of competition between the exporting countries, not only tends to limit currency resources which might accrue from exports, but also endangers the existence of local industries and reduces the direct or indirect capacity to finance new development projects.

The pressure of inflation which exists in most countries has helped to finance investments. But these means are not considered normal for their effects on the standard of living and on the stability of business are quite contrary to the desired objectives.

In this respect, the foreign relations of the countries of this region are particularly delicate. Vis-a-vis the richest Western countries (United States, Great Britain, France, Holland, Canada, etc.) who in reality are able together to give financial assistance to a much greater extent than that envisaged by E.C.A.F.E. (it is only necessary to consider the military budget of the United States which during recent years has reached an average of 40 to 50 milliard dollars annually) the obtaining of the means of investment cannot be separated from the nature of the economic relations between these big countries and those under consideration. Thus, while the countries of South East Asia obtained in 1952 and 1954 financial aid of around 3 milliard dollars, the value of their exports during these years, as a result of the fall in the prices of raw materials, has diminished.

If the countries of E.C.A.F.E. have an urgent and great need of foreign capital, this help should not be accompanied by trade demands which could have the effect of virtually depriving them of the benefits of this assistance. The Asian countries ask for capital grants on favourable conditions, both as regards the type of investment, rates of interest and the method of repayment or margin of profit which can be repatriated. But above all, they insist on the need for international agreement on the stabilisation of prices and quantities of export products, on the pro-

tection of their newly-formed industries and on the option to sell and buy any goods on the markets of their choice.

Experience shows in fact that between 1952 and 1954, in spite of the financial help of around 3 milliard dollars, the value of exports from the countries of South East Asia during these years, as a result of the fall in prices of raw materials, was reduced by more than 7 milliard dollars in comparison with 1951. These countries were forced to reduce their imports and a credit trade balance became a deficit of some 1,500 million dollars a year, at the same time as they experienced disturbances in the equilibrium of their finances and the disappearance of their currency reserves.

Burma's dollar and hard currency reserves fell from 266 to 138 millions from June 1953 to January 1954. In Indonesia the dollar rate rose from 25.25 rupies in December 1953 to 33.09 in December 1954 and during the same period monetary circulation rose from 7.6 milliard rupies to 11.1 milliards. In the Philippines, also during the same period, gold and currency reserves fell from 240 to 190 million dollars and in Pakistan where they reached more than 500 million dollars in 1951, reserves flagged to 300 millions in recent months without showing signs of an improvement.

ROYAL DUTCH PETROLEUM

Royal Dutch Petroleum Company, in 1954, reported the following activities in the Far East:

British Borneo. A 35-mile natural gasoline pipeline between the Seria field and Lutong refinery was completed.

New Guinea. The 60-mile line from the Mogoi and Wasian oilfields to the ocean terminal was completed early in the year.

The various refineries in the Far East together processed over 215,000 barrels daily, an increase of some 11 per cent over the previous year. At Bombay (India) good progress was made in constructing the refinery of Burmah-Shell Refineries Limited in which a Group company holds a 50 per cent interest. This refinery has meanwhile been taken into operation.

The refineries in Indonesia processed nearly 144,000 barrels of crude oil daily, part of which had to be imported.

At Geelong (Australia) the new refinery began operation early in 1954 and is now in course of extension by the construction of a catalytic cracking unit and other facilities.

Regarding exploration, in British Borneo drilling on land continued, but no new discoveries were made. Geophysical investigations were conducted on land and in marine areas. Two more marine drilling platforms were placed about one mile offshore from the Seria field. A plant for the extraction of natural gasoline began operation towards the end of 1954.

Indonesia. Exploration and development activities continued in Southern Sumatra, East Java and East Kalimantan. Operations in Northern Sumatra and parts of Java could not yet be resumed.

Perhaps this is why the announcement made by President Eisenhower on the 20th April last that the United States would grant 2 milliard dollars in the form of aid to the countries of Asia did not arouse the enthusiasm expected from these countries. Not only because 80% of the aid envisaged would be in the form of military aid, direct or indirect, or that the economic help which would remain after the inevitable cuts from Congress would be feeble in comparison with their needs, but mainly because the conditions with which the United States usually accompany their aid have aroused a great deal of hesitation among the Asian countries. The ultimate failure of the Simla Conference for the distribution among the Colombo Plan countries of the special American aid of 200 million dollars would appear to confirm this appraisal of events.

The countries of Asia are showing more and more their will to take the road laid down at Bandung which alone, with a strengthening of collaboration among themselves, can offer the chance of achieving the objectives which control their economic development and promote the raising of the standard of living of their peoples.

—Committee for the Promotion of International Trade

New Guinea. The completion of a pipeline connection from the Mogoi-Wasian fields to the coast enabled the total production, which is shared with two American oil companies, to be increased appreciably. No new discoveries of oil in commercial quantities were made.

NORTH BORNEO CURRENCY AND BANKING

The currency in circulation in North Borneo is Malayan currency, consisting of—(a) Currency notes issued by the Board of Commissioners of Currency, Malaya and British Borneo, dated not earlier than 1st July, 1941, in denominations of 1, 5, 10, 20 and 50 cents; and \$1, \$5, \$10, \$50, \$100, \$1,000 and \$10,000. Of the above, the notes of denominations of from one to 20 cents are being withdrawn from circulation as and when handed into treasuries, but they are still legal tender; (b) Cupronickel coin in denominations of 5, 10 and 20 cents; (c) Copper and bronze coins in denominations of one cent.

British North Borneo (Chartered) Company currency ceased to be legal tender as from 1st September, 1953, but when handed into banks or treasuries, it is still redeemable at its face value for Malayan currency.

The amount of currency estimated as being in circulation during 1954 is \$40,000,000.

The buying and selling rates of the Malayan dollar fluctuate slightly in accordance with the Singapore market, but for the purpose of converting Malayan dollars to sterling, the value of the dollar is taken as 2s. 4.

There are two banks operating in North Borneo, the Chartered Bank of India, Australia and China, and the Hongkong and Shanghai Banking Corporation. Both have branches at Jesselton and Sandakan, and provide agency facilities at Labuan. The Hongkong and Shanghai Bank also has a branch at Tawau and the Chartered Bank of India, Australia and China has an agency at Kudat. Both Banks provide Savings Bank facilities.

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KOREA'S FOREIGN TRADE

During May 1955 Seoul authorized \$1,283,112.60 for exports and \$7,836,129.70 for imports under private trade programme. The figures leave an import excess of \$6,553,017.10. Japan remained the largest buyer of Korean goods while Hongkong being the ranking supplier to the Korea market.

Exports by Countries:

Japan	US\$608,629
Hongkong	58,269
USA	435,827
Others	180,389

Exports by Products (major ones only):

Raw Silk	US\$100,851
Anthracite Coal	74,428
Tungsten	287,064
Graphite	167,425
Meal Bismuth	158,989

Imports by Countries:

Japan	US\$902,489
Hongkong	3,040,090
USA	1,432,079
Taiwan	268,677
Others	2,202,792

Imports by Commodities:

Worsted Wool Yarn	US\$387,688
Sugar	205,545
Rayon Yarn	1,473,608
Other Fibers	1,003,621
Ammonium Sulphate	1,126,346

TAIWAN'S TRADE BALANCE

Taiwan's foreign exchange receipts from exports in June totalled more than US\$14.69 million. Foreign exchange allocated for imports amounted to about US\$7.86 million showing a favourable balance of more than \$6.83 million. Compared with May, foreign exchange earnings from exports increased by more than \$5.67 million, while that allocated for imports decreased by \$2.73 million. Heavier shipments of granulated sugar to Japan accounted for higher foreign exchange receipts. Foreign exchange earned from exports during the first six months of this year totalled \$62.56 million and foreign exchange allocated for imports reached \$42.92 million, registering an export surplus of \$19.6 million. The figures for the same period last year were: exports \$59.06 million; imports \$55 million; and a favourable balance of \$3.96 million.

TAIWAN'S EXPORTS OF FEATHERS

Exports of Taiwan feathers during the first half of 1955 totalled 354,098 kgs. The figure for the same period last year was 367,881 kgs. Exports for the month of March alone reached 111,251 kgs. Monthly export figures for the first half of this year were: January, 26,233 kgs; February, 28,594 kgs; March, 111,251 kgs; April, 49,395 kgs; May, 87,766 kgs; and June, 50,859 kgs.

TAIWAN'S TEA EXPORTS

Taiwan's tea exports for May this year totalled 679,457 kgs, showing an increase of 300 percent as compared with 220,328 kgs recorded in April. Hongkong took about 50 percent of the total quantity exported. Exports during May were: (1) Paochung:—276,695 kgs. 162,974 kgs to Hongkong, 14,160 kgs to Ryukyu, 41,474 kgs to Thailand, 40,967 kgs to Singapore, 3,960 kgs to Malaya, 3,190 kgs to the United States. (2) Red tea:—114,966 kgs. 53,371 kgs to Hongkong, 541 kgs to Ryukyu, 944 kgs to Japan, 39,191 kgs to the United Kingdom, 20,919 kgs to the United States. (3) Oolong tea:—3,452 kgs to the United States. (4) Green tea:—40,552 kgs. 40 kgs to Hongkong and 40,512 kgs to Africa. (5) Tea leaf n.o.p.f.:—243,792 kgs. 106,344 kgs to Hongkong, 6,264 kgs to Ryukyu, 1,121 kgs to Thailand, 1,824 kgs to Singapore, 122,785 kgs to the United Kingdom, 4,536 kgs to Canada, 918 kgs to the United States. Exports by countries showed that 322,729 kgs were shipped to Hongkong, 20,935 kgs to Ryukyu, 944 kgs to Japan, 42,595 kgs to Thailand, 42,791 kgs to Singapore, 3,960 kgs to Malaya, 161,976 kgs to the United Kingdom, 4,536 kgs to Canada, 38,479 kgs to the United States, and 40,512

HONGKONG AND FAR EASTERN TRADE REPORTS

Commodity prices in the local market last week were kept firm by demand from Southeast Asia. From Korea, Taiwan and Japan there were more enquiries than orders. China produce remained popular with Europe, Japan and Southeast Asia; metals registered gains but low buying offers limited the volume of trading; paper and pharmaceuticals enjoyed selective demand from Korea and Southeast Asia; industrial chemicals attracted many enquiries but only a few transactions were concluded; while cotton yarn and piece goods were steady throughout the week.

TRADE DEVELOPMENTS

China Trade: The Swedish trade representative in Calcutta disclosed that Russia and China were able to offer India newsprint at moderate prices. This competition is affecting Scandinavian exports of newsprint to India. In the local market, China offered not only newsprint and other types of paper but also industrial chemicals, cement, cotton piece goods, rice, and even steel rods. The first consignment of goods from China under the Burma-China barter agreement concluded last November reached Rangoon last week. The cargo of nearly 9,000 tons included steel and iron rods and angle irons, hardware, cotton yarn, chemicals, newsprint and paints.

Taiwan Trade: Taipei decided to export 20,000 to 30,000 pigs to HK. The surplus of pigs in Taiwan is 2 million heads every year. Chinese-type-sausage manufacturers will be able to ship their products to US if Taiwan hogs are used.

Japan Trade: Japan remained one of the leading buyers in the local market for China produce and scrap iron. In her trade with China, the Ministry of International Trade and Industry allocated funds for the import of 50,000 tons of Chinese rice. However, Japan's request for barter trade and China's demand for sterling cash payment is restricting the trade development. MITI recently imported salt from Thailand instead of from China. To break the deadlock in British-Japanese

trade negotiations, Tokyo offered to buy £220 million worth of imports yearly from Britain. The offer was below the British demand for £275 million worth of goods each way. Britain wanted Japan to buy more machinery, oil, automobiles and movies; while Japan insisted that UK import more Japanese canned salmon and other canned products. MITI announced that production of cotton yarn in August would be cut down to 163,800 bales. The production limit for the previous three months was set at 170,000 bales but the actual output went far beyond this figure because the control was not fully enforced. At the end of June, cotton yarn stocks totalled 496,000 bales. The present production control does not fix a compulsory production goal for each mill.

Korea Trade: In Seoul last week, US\$1.25 million were sold in the auction of Military Aid Funds. Authorities there disclosed that the dollar auction would be stopped as soon as an agreement is concluded on the Hwan exchange rate. The dollars will then be sold at an official rate. During the week, Seoul invited tenders for the supply of cigarette paper; cement; prefabricated corrugated steel warehouses; laboratory equipment; steel prefabricated buildings; mills; incubators; comb foundation; honey extractors; deep well ejector type water system; galvanized steel pipes; paints; linseed oil; gelatin dynamite; telephone poles; bridge and railroad ties; lumber; window glass; and miscellaneous commodities. In the local market, Korea circulated more enquiries than orders and her demand was selective.

Indonesia Trade: Djakarta announced that all imports, with the exception of those under self-provided foreign exchange and essential materials for industrial use, must pay an excess profit tax ranging from 25% to 100% of the c & f value. Essential supplies exempted from the levy include: technical equipment, railway materials, medical supplies, mild powder, seeds, fertilisers, disinfectants, rice, newsprint, cardboard, M.G. kraft, M.G. sulphite, banknote paper, books and textbooks. Meanwhile, HK exports to Djakarta improved. Recent shipments consisted mainly of cotton yarns and piece goods, singlets and vests, motor cars, radio receivers, machinery, flashlight batteries and shirts purchased by importers in Djakarta with self-provided foreign exchange.

Thailand Trade: As a result of the increased shipment of Thai rice to HK and Bangkok's relaxation of import controls, export to Thailand improved considerably. Recent shipments to Bangkok consisted mostly of Hongkong manufactured cotton textiles, paints, electric flashlights, cotton underwears, paper, metals and sundries. Bangkok also invited bids for the supply of 200 microphones and feather-weight headsets with switching for simultaneous

kgs to Africa. Exports of Taiwan tea during the first half of this year amounted to 2,150,605 kgs. Of these, Pochung occupied 718,697 kgs, black tea 42,485 kgs, Oolong 28,666 kgs, green tea 109,875 kgs, and other teas 831,882 kgs. A breakdown of the sales by countries showed: Ryukyu, 73,856 kgs; Hongkong 102,741 kgs; Thailand, 234,148 kgs; Malaya, 15,348 kgs; Singapore, 107,239 kgs; Japan, 24,305 kgs; Lebanon, 4,536 kgs; Oman, 2,835 kgs; Aden, 2,041 kgs; U.K. 398,381 kgs; Germany, 3,631 kgs; France, 479 kgs; the Netherlands, 6,214 kgs; Trieste, 3,103 kgs; Europe, 1,814 kgs; Canada, 24,873 kgs; United States, 29,690 kgs; Africa 26,371 kgs.

interpreting, and amplifying equipment with an output of 35 to 40 watts each channel. Trade development, however, was still restricted by the rise of HK dollars in Bangkok.

Indochina Trade: Procurements under US Aid Funds by Cambodia and South Vietnam from here included cereal; vegetables; paper; metals; sundries; and HK manufactured wheat flour, cotton yarn, piecegoods, and food products.

Burma Trade: Rangoon relaxed import restrictions in order to ease the price-hike of imported articles. More than 9,000 tons of commodities were imported from China. Purchases from here included HK manufactured rain-wear, piecegoods, singlets, towels, bed sheets, umbrellas, electric flashlights and batteries, paints, and varnishes.

COMMODITIES

China Produce: Japan bought 550 tons of linseed, 1,050 tons of sunflower seeds and 1,200 tons of soya beans. Citronella oil registered gains on demand from Europe and indent advance; raw silk improved with the price increase in European markets; turmeric was stimulated by orders from India; and dried ginger firmed on low stock and demand from Middle East. On the other hand, heavy stock weighed down sesame and selling pressure depressed anised star. Demand for popular items from various sources also included: Japan—woodoil, cassia oil, and green beans; Europe—cassia oil, teased oil, camphor oil, menthol crystal, feathers, and white peas; Australia—woodoil and camphor oil; Southeast Asia—woodoil, gysum, rhubarb, dried chilli, garlic, soya beans, red beans, and green peas.

Metals: Steady local and overseas demand stimulated prices of mild steel round and flat bars, galvanized iron sheets, blackplate waste waste, tinplate waste waste, zinc sheets, and galvanized steel plate. Low buying offers, however, restricted trading. Korea was interested in zinc sheets; China in hacksaw blades; Japan in scrap iron; Thailand in steel boiler tubes and Hongkong manufactured mild steel round bars; Indochina in corrugated galvanized iron sheets; Indonesia in iron wire nails; and local buyers in mild steel round and flat bars, galvanized iron sheets, blackplate waste waste, tinplate waste waste, galvanized steel plate, and galvanized iron pipe.

Paper: The market was active with orders of limited quantity from Korea for woodfree printing, newsprint in reels, tissue paper, transparent cellulose paper and cigarette paper in bobbins; Indochina for woodfree printing, newspaper in reels, M.G. cap, cigarette paper in reams, duplex board and aluminium foil; Thailand for M.G. cap, transparent cellulose paper and aluminium foil; and from local factories for poster, bond, M.G. cap, transparent cellulose paper, duplex board and aluminium foil. With the exception of

woodfree printing, newsprint in reels, and transparent cellulose which registered gains, prices of other popular items failed to improve on low buying offers.

Pharmaceuticals: The market was quiet. Prices in general were steady with enquiries from Korea and South-east Asia.

Industrial Chemicals: Korea sent here more enquiries than orders for rosin, soda ash, linseed oil, caustic soda, gum copal and damar, glycerine, and tanning extract. China was interested in sodium perborate but the transaction fell through due to low buying offers. Taiwan was interested in rosin, linseed oil and sodium nitrate, and Indonesia in caustic soda. Prices remained steady.

Cotton Yarns: The market was slow but prices were firm on account of local factories' direct sales to South-east Asia and UK.

Cotton Piece Goods: Demand from UK and Southeast Asia kept the market active and prices firm. Japanese goods were further stimulated by cost increases.

Rice: Trading was active but heavy arrival from Thailand and China prevented improvements.

Wheat Flour: American flour was depressed by indent drop; Canadian and Australian goods remained steady; while local products were marked down to stimulate demand from Southeast Asia.

Sugar: Prices declined under heavy arrival from Japan and weak demand.

Cement: 1,500 tons of Japanese cement were booked by local dealers during the week. Local demand remained strong and prices steady.

Hongkong Products: Enquiries for local manufactures received from various sources included: USA for Chinese-style silk piece goods, shirts, zip fasteners, and jewellery; UK for garters and belts; Africa for enamelware, rubber shoes, toy balloons; and India for canned food, tea and soya sauce.

HONGKONG SHARE MARKET

In a week of very active trading, many shares rose to new peaks. The undertone at the end of the period remained strong. **Monday:** After a quiet start, the market became quite active and on balance prices were fractionally better. Utilities were in good-demand while Hotels and Providents registered appreciable gains. Yangtszes continued to forge ahead under steady support. In the rubber section, Amalgamateds were active and firm. The undertone was steady throughout and the turnover amounted to \$2.3 million. **Tuesday:** Brisk trading in the recent favourites further stimulated Hotels, Providents, Wheelocks and Yangtszes. Utilities remain-

ed popular with China Lights, Telephones and Yaumati Ferries making further advances. H.K. Banks were a shade easier in line with lower advices from London but closed steady. The rubber section was dull although prices moved fractionally higher. The undertone remained firm and the turnover amounted to \$2.4 million. **Wednesday:** The market ruled steady throughout the half day session with a good volume of business transacted. In the Utility group, Electrics and Telephones were in demand at further higher levels. Dairy Farms, Hotels and Lane Crawfords were firm. Elsewhere rates were about unchanged although Providents were fractionally lower. Rubber were dull and a shade off. The turnover for the half day amounted to \$2.06 million. **Thursday:** There was another day of intense activity on the market and under strong demand, further appreciable gains were registered in many stocks but profit-taking during the afternoon caused prices to close below their best levels of the day. Notable advances were made in Cements \$344, Yaumati Ferries \$127, Lands \$75 and Wharves \$77. Hotels, Dairy Farms and Yangtszes were also in good demand. H.K. Banks were firmer in sympathy with the improvement on the London market. Rubbers also strengthened with higher advices from Singapore for raw rubber at Str. \$1.38 per lb. The turnover amounted to \$4.52 million. **Friday:** The market continued active and rates firm. Cements and Hotels recovered well with business transacted at \$35 and \$19.70 respectively. Docks and Trams advanced to \$28 and \$251. Elsewhere price changes were negligible but the undertone was firm. Rubbers were steady and about unchanged with the price of the commodity in Singapore quoted at Str.\$1.375. The turnover amounted to \$4.36 million. The Secretaries for Yangtsze Finance announced that at the close of business on July 28, 1955, the shares had a statistical value of \$9.74.

LAST WEEK'S CLOSING RATES

H.K. Govt. Loans
 3½% Loan (1934 & 1940), 95 nom.
 3½% Loan (1948), 92 b.

Banks
 H.K. & S. Bank, Ex. Div., 1865 b; 1875 s;
 1875/70 sa.
 H.K. & S. Bank (Lon. Reg.), £103 nom.
 Chartered Bank, 48/- nom.
 Bank of East Asia, 236 nom.

Insurances
 Union Ins., 1065 b; 1070 sa.
 Lombard Ins., 57½ b; 58½ s.
 China Underwriters, 10.10 b.

Shipping
 Douglasses, Ex. Div., 255 nom.
 Indo Chinas (Pref), 15 nom.
 Indo Chinas (Def.), 37½ nom.
 U. Waterboats, 22.20 b.
 Asia Nav., 97c b.
 Wheelocks, 9.60 b; 9.70 s; 9.65/.60/.65 sa.

Docks, Wharves, Godowns, Etc.
 H.K. & K. Wharves, 76 b; 77 s; 77 sa.
 Sh. Hongkew Wharves, 1.20 sa.
 H.K. Docks, 28.10 b; 27.20/28.30 sa.

China Providents, 16½ b; 16½/.60 sa.
S'hai Dockyards, 1.30 b.

Mining

Raub Mines, 3½ nom.
H.K. Mines, 4½c nom.

Lands, Hotels & Bldgs.

H. & S. Hotels, 19.60 s; 19.70 s; 19.30/.70/
.60/.70 sa.
H.K. Lands, 75 b; 76 s; 74½/75½ sa.
S'hai Lands, 1.40 b; 1.425 sa.
Humphreys (O), 20.60 b; 21 s; 21 sa.
Humphreys (N), 20.10 s; 20 sa.
H.K. Realities, 2.525 b; 2.575 s; 2.55 sa.
Chinese Estates, 260 nom.

Public Utilities

H.K. Tramways, 25½ b; 25.30/.60 sa.
Peak Trams (F. Paid), 66 nom.
Peak Trams (F. Paid), 30 nom.
Star Ferries, 155 b; 156 s.
Yaumati Ferries, 125 b; 127 s; 127/126 sa.
China Lights (F. Paid), 23.70 b; 23.90 s;
23.60/.80/.70 sa.
China Lights (F. Paid), 18.60 b; 18.70 s;
18.60/.70/.60/.70 sa.
H.K. Electrics, 45½ b; 45½ s; 45½/45½ sa.
Macao Electrics, 11.10 b.
Sandakan Lights, 9½ nom.
Telephones, 36½ b; 37 s; 37/37¼/37 sa.
Shanghai Gas, 90c nom.

Industrials

Cements, 34½ b; 34½ s; 34/34½ sa.
H.K. Ropes, 18 s.
Metal Industries, 2.15 nom.

Stores &c.

Dairy Farms, 24½ b; 24.70 s; 24.70/.60 sa.
Watsons, 15.60 b; 16 s; 15.60 sa.
L. Crawfords, 36 b.
Cald. Macg. (Ord.), 30½ nom.
Sinceres, 1.70 b.
China Emporium, 9.40 nom.
Sun Co. Ltd., 1.60 nom.
Kwong Sang Hong, 161 nom.
Wing On (HK), 61 nom.

Miscellaneous

China Entertainments, 18 b.
International Films, 20c nom.
H.K. Constructions, 6 nom.
H.K. Constructions (F. Pd. 1955), 4.90 nom.
Vibro Pilings, 18½ b.
Marsman Investments, 6/- nom.
Marsman (HK), 65c nom.
Yangtze Finance, 8.10 b; 8.20 s; 8.15/.20
sa.
Allied Investors, 5.95 b; 6 s; 6 sa.

Cottons

Ewos, 90c nom.
Textile Corp., 6.10 s; 6.05 sa.
Nanyang Mill, 8½ b; 8.65 sa.

Rubbers

Amalgamated Rubber, 2.375 b; 2.40 s;
2.40/.375 sa.
Ayer Tawah, 5.60 b.
Java-Consolidated Estates, 1.30 b.
Langkat, 1.70 b.
Rubber Trust, 3.55 b.
Shanghai Kelantan, 1.325 b; 1.40 s; 1.375 sa.
Shanghai Sumatra, 4 nom.
Sungala, 7 b.

SINGAPORE SHARE MARKET

The metal price gained £13 per ton and Rubber touched \$1.34 per pound, the highest price since February 1952. Tins and Rubbers reacted favourably and provided the bulk of the increased business. Loans had better enquiry but Industrials suffered from an absence of buyers.

The London market, enjoying a favour for oil shares, accepted British Borneo Petroleum from 46/6 to 50/-. Singapore Traction Ords. remained neglected but Hongkong Banks continued firm with business at £104 including stamp duty. Fraser & Neave had

sellers at \$1.72½. Wearnes at \$2.75, Singapore Cold Storage at \$1.67½ and Gammons at \$2.70. Hammers were on offer at \$2.72½. Straits Steamship at \$14.50 and United Engineers at \$11.15. In contrast Straits Traders showed strength with business at \$22.80 and buyers over.

A feature of the Tin section was the daily improvement in bids from London. Petaling had an exceptionally large turnover from \$4.50 to \$4.80 and remained an attraction at the higher level on the announcement of the increased interim dividend at 20%. Lower Perak came in for heavy buying from 12/9 to 13/3 and also Sungei Ways with exchanges up to \$3.75. Renong Tin were taken by London up to 14/3½ and Kamunting had a rapid rise from 7/6 to 9/3 buyers. Jelapang with buyers at 19/- continued firm on rumours that the dredge had been sold. Kuala Kampar improved to 29/6 and Hong Fats jumped to \$1.35.

A wide selection of Rubbers were dealt in and London's enthusiasm was reflected locally. Port Dickson Lukut with a 30% dividend, topped 4/- cum, Linggi Plantations were taken at 5/- and Jeram Rubber were accepted by London up to 3/7½. Langkon North Borneo Preference were taken locally in quantity at 2/5 and 2/6 and the Ordinaries at 2/4½ cum dividend. Batu Lintang reached \$1.60, Kempas \$1.67½, Parit Perak \$1.50 ex dividend and Lunas \$2.25.

Better demand reduced the batch of local Loan offerings and tax-free issues were freely exchanged.

HONGKONG EXCHANGE MARKETS

For the week 25 to 30 July 1955.

July	U.S.\$		Notes	
	T.T. High	T.T. Low	Notes High	Notes Low
25	\$587¾	586¾	584¾	583½
26	587½	586	584	582¾
27	586½	584½	582½	581¼
28	584½	583½	581½	580¾
29	584½	584	581½	581¾
30	584½	584	581½	581¾

D.D. rates: High 585¾ Low 581½.

The highest and lowest for July were: T.T. at \$587½ and 580½. Notes at \$584½ and 577½. The market was active. Rates declined under unexpected strength of the cross rate in New York. Shippers were anxious to sell and exchange operators were quiet. In T.T. sector, funds from Japan, Korea, Bangkok, and the Philippines increased while demand from gold and general importers was small. In the Notes market, interest for change over remained in favour of sellers and amounted to \$3.44 per US\$1,000. Positions figured at US\$4½ millions. In D.D. sector, business was quiet. Trading totals were T.T. \$2,250,000, notes in cash \$437,000 and forward \$3,220,000, D.D. \$350,000.

Yen and Piastre:—No trading was recorded in forwards, with interests for change over at \$2.42 per Yen 100,000 and \$11.50 per Piastre 10,000, both in favour of buyers. Cash quotations: \$1.425 per Yen 100,000; \$852.50-795.00 per Piastre 10,000.

Far Eastern Exchange:—Highest and lowest rates per foreign currency unit: in HK\$: Philippines 1.99-1.98, Japan 0.01455-0.014375, Malaya 1.881-1.878, Indochina 0.0787-0.074, Thailand 0.246-0.24. Sales: Pesos 350,000, Yen 88 million, Malayan \$340,000, Piastre 8 million, Baht 6 million. The market was quiet.

Chinese Exchange:—Official rates for People's Bank Yuan remained unchanged at 0.427 per HK\$ and 6.839 per £ Sterling. Notes for cash: \$1.85 per Yuan. Official rates for Taiwan Bank Dollar also unchanged: 15.65-15.55 per US\$; 2.74-2.72 per HK\$. Notes for cash: HK\$161-157 per thousand. Remittances: 160-157. Business was very quiet.

Bank Notes:—Highest and lowest rates per foreign currency unit in HK\$: England 15.64-15.58, Australia 12.05, New Zealand 13.68-13.65, Egypt 14.80-14.50, South Africa 15.40, India 1.1775-1.17, Pakistan 1.03-1.02, Ceylon 0.96, Burma 0.64, Malaya 1.838-1.837, Canada 5.91-5.87, Philippines 2.085-2.075, Macao 1.015-1.01, Switzerland 1.35, France 0.015775-0.01565, Indonesia 0.12, Thailand 0.234-0.23.

Gold Market

July	High .945	Low .945	Macao .99
25	\$253¾	253	263¾ High
26	253	252¾	
27	252¾	251¾	
28	252¾	251¾	
29	252¾	252	Low 262
30	252¾	252¾	

HONGKONG'S TRADING PARTNERS IN 1954

PART XIII

NETHERLANDS

	Imports \$	Exports \$
Meat and meat preparations	1,487,010	755,801
Dairy products, eggs and honey	14,987,832	30
Fish and fish preparations	65,498	17,081
Cereals and cereal preparations	1,222,021	1,360
Fruits and vegetables	1,271,729	1,974,820
Sugar and sugar preparations	1,807,939	—
Coffee, tea, cocoa, spices and manufactures thereof	1,312,530	1,044,106
Feeding stuffs for animals (not including un-		
milled cereals)	4,480	—
Miscellaneous food preparations	5,077,531	23,491
Beverages	3,092,992	—
Tobacco and tobacco manufactures	131,077	206,454
Hides, skins and fur skins, undressed	—	319,380
Oil-seeds, oil nuts and oil kernels	8,536,746	329,900
Textile fibres	1,124,012	51,522
Crude fertilizers and crude minerals, excluding		
coal, petroleum and precious stones	14,921	2,990
Metalliferous ores and metal scrap	—	276,063
Animal & vegetable crude materials, inedible,		
n.e.s.	178,234	1,057,557
Mineral fuels, lubricants and related materials	1,196,394	12,263
Animal and vegetable oils (not essential oils),		
fats, greases and derivatives	1,586,089	14,880
Chemical elements and compounds	7,240,836	82,956
Dyeing, tanning and colouring materials	3,718,964	541,643
Medicinal and pharmaceutical products	9,320,450	541,643
Essential oils and perfume materials; toilet,		
polishing and cleansing preparations	1,214,193	763,243
Fertilizers, manufactured	2,338,856	—
Explosives and miscellaneous chemicals and		
products	1,778,975	48,851
Leather, leather manufactures, n.e.s., &		
dressed furs	1,710,051	—
Rubber manufactures, n.e.s.	293,500	—
Wood and cork manufactures (excluding		
furniture)	69,449	11,411
Paper, paperboard and manufactures thereof ..	3,292,612	583
Textile yarn, fabrics, made-up articles and		
related products	3,806,339	2,123,299
Non-metallic mineral manufactures, n.e.s. ..	144,973	302,040
Silver, platinum, gems and jewellery	752,857	459,966
Base metals	690,327	55,980
Manufactures of metals	449,123	131,591
Machinery other than electric	465,436	98,641
Electric machinery, apparatus and appliances ..	2,923,353	14,932
Transport equipment	110,016	5,000
Prefabricated buildings; sanitary, plumbing,		
heating & lighting fixtures & fittings	40,987	398,634
Furniture and fixtures	11,797	11,567
Travel goods, handbags and similar articles ..	51,848	35,513
Clothing	98,002	286,086
Footwear	17,522	292,103
Professional, scientific and controlling instru-		
ments; photographic & optical goods;		
watches & clocks	82,991	675
Miscellaneous manufactured articles, n.e.s. ..	707,471	189,770
Live animals, not for food	7,527	86,585
Total	84,436,429	12,009,767

ITALY

	Imports \$	Exports \$
Meat and meat preparations	35,860	—
Dairy products, eggs and honey	62,818	—
Fish and fish preparations	1,760	—
Cereals and cereal preparations	25,466	1,392
Fruits and vegetables	85,505	455,996
Sugar and sugar preparations	5,800	—
Coffee, tea, cocoa, spices and manufactures thereof	12,731	115,628
Miscellaneous food preparations	1,433	1,018
Beverages	145,159	—
Hides, skins and fur skins, undressed	—	314,621
Textile fibres	486,312	661,738
Crude fertilizers and crude minerals, excluding		
coal, petroleum and precious stones	124,020	—
Metalliferous ores and metal scrap	—	86,876
Animal & vegetable crude materials, inedible,		
n.e.s.	—	562,374
Mineral fuels, lubricants and related materials	46,980	—
Animal and vegetable oils (not essential oils),		
fats, greases and derivatives	11,234	69,044
Chemical elements and compounds	2,333,495	166,017
Dyeing, tanning and colouring materials	1,181,629	—
Medicinal and pharmaceutical products	6,409,294	123,910
Essential oils and perfume materials; toilet,		
polishing and cleansing preparations	—	86,799
Fertilizers, manufactured	218,142	—
Explosives and miscellaneous chemicals and		
products	114,202	11,470
Leather, leather manufactures, n.e.s., &		
dressed furs	—	910
Rubber manufactures, n.e.s.	14,364	—
Wood and cork manufactures (excluding		
furniture)	97,817	3,102
Paper, paperboard and manufactures thereof ..	2,065,666	—
Textile yarn, fabrics, made-up articles and		
related products	14,788,700	241,792
Non-metallic mineral manufactures, n.e.s. ..	373,170	123,152
Silver, platinum, gems and jewellery	15,982	63,077
Base metals	662,942	—
Manufactures of metals	25,187	15,146
Machinery other than electric	557,333	21,078
Electric machinery, apparatus and appliances ..	772,855	20,347
Transport equipment	361,643	91,600
Prefabricated buildings; sanitary, plumbing,		
heating & lighting fixtures & fittings	33,634	498,532
Furniture and fixtures	—	46,600
Travel goods, handbags and similar articles ..	6,197	5,911
Clothing	251,743	62,470
Footwear	—	39,928
Professional, scientific and controlling instru-		
ments; photographic & optical goods;		
watches & clocks	240,165	30,080
Miscellaneous manufactured articles, n.e.s. ..	262,211	183,532
Live animals, not for food	—	9,315
Total	31,829,455	4,113,815

(To be Continued)

The opening and closing prices were \$253 and 252½, and the highest and lowest 253½ and 251½. The highest and lowest for July were 253½ and 250½. The market was quiet with prices lower on account of easier U.S.\$ exchange rates and heavier selling by exporters. Demand from exporters was set off by increased imports from Macao. Interest favoured sellers and totalled \$1.12 per 10 taels of .945 fine. Tradings amounted to 23,940 taels averaging 3,990 taels per day. Positions averaged 29,500 taels per day. Cash sales totalled 19,750 taels. Imports were all from Macao and amounted to 9,500 taels.

There was no arrival in Macao last week. Exports: 8,500 taels (4,000 to Indonesia, 3,000 to Singapore, 1,500 to India). Differences paid for local and Macao .99 fine were \$12.10-11.80 and 11.85-11.80 respectively per tael of .945 fine. These .99 fine bars were used for export. Cross rates in the Exchange were US\$37.76-37.73. 9,600 ozs were contracted at \$37.75 C.I.F. Macao.

Silver Market:—Bar silver quoted HK\$5.90 per tael with 1,500 taels transacted, \$ coins at 3.80 per coin with 1,500 coins transacted, and 20c coins at 2.92-2.90 per five coins with 3,000 coins transacted.